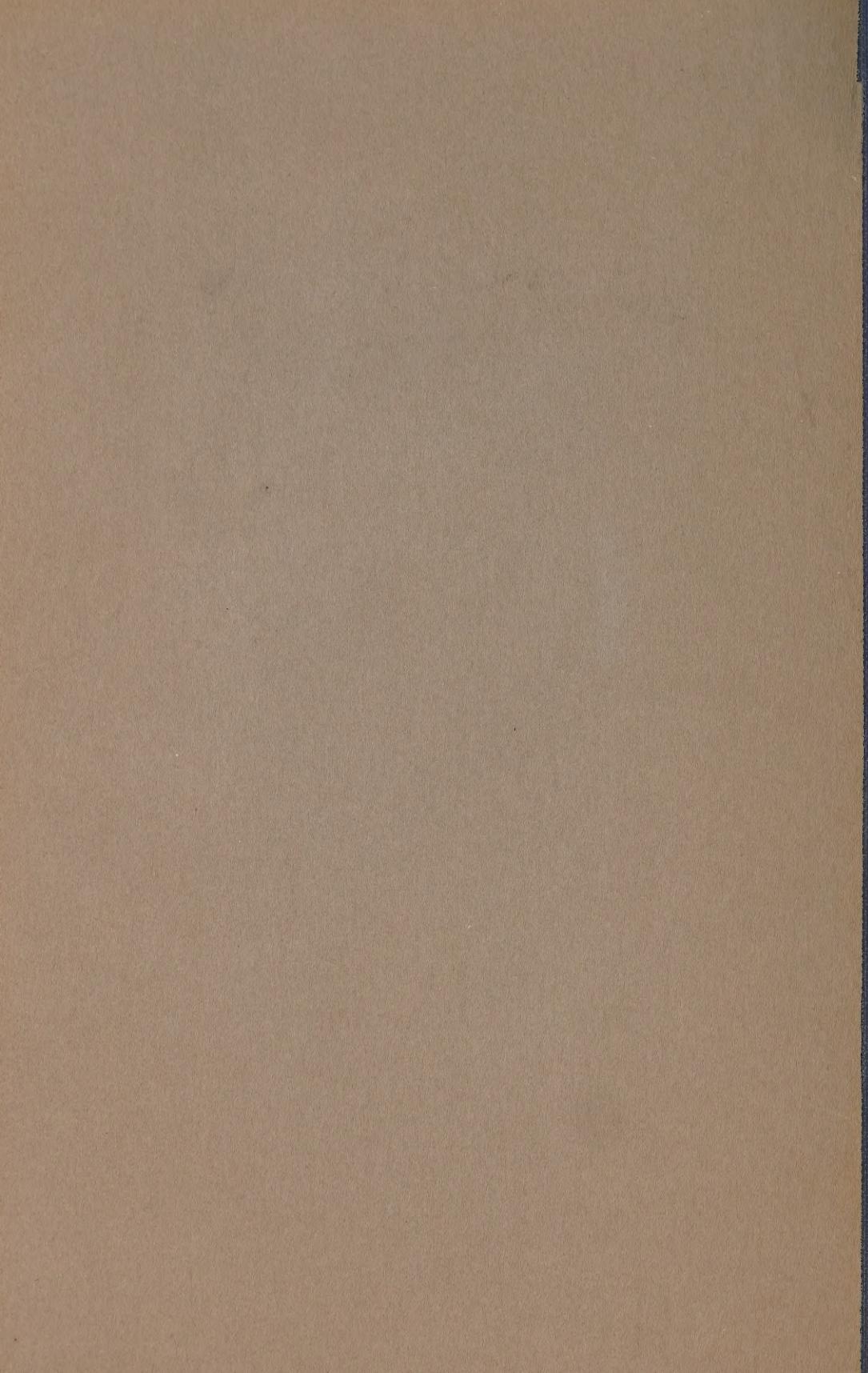


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**FOREIGN TRADE SERVICE**

DEPARTMENT OF TRADE AND COMMERCE

OTTAWA, CANADA

**A B C**  
of  
**CANADIAN  
EXPORT  
TRADE**





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## CANADIAN EXPORT TRADE

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Compiled by  
**G. A. NEWMAN,**  
Assistant Director,  
EXPORT DIVISION,  
Department of Trade and Commerce,  
OTTAWA





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INTO the preparation of this volume have gone the advice and suggestions of Canadian trade associations, banks, railways, freight forwarding agents, insurance brokers, and a number of export houses. Their assistance and that of my colleagues in the Foreign Trade Service is gratefully acknowledged.

G. A. NEWMAN.

July, 1947.

## Introduction



THE importance of Canada's export trade to the Canadian standard of living received increased public recognition during recent years. Symptomatic of this fact is the large number of firms and businessmen turning to export trade as a business. Many desire information of the elementary requirements and practices of this trade, and it is mainly for their guidance that this booklet has been prepared. A few of these requirements may be noted here before entering into a discussion of export practices.

For the individual embarking on export trade on his own account the prime requisite is experience, and then capital; without the former the latter may be quickly lost. Foreign tariff and import restrictions, transportation risks, currency and finance problems, credits and the like are shoals on which a new business in inept hands may founder. Capital is needed to tide over the intervals between the time of services rendered or shipments made and actual payment as well as to meet the unexpected demands which frequently arise in export trade. Anyone contemplating export trade as a career is, therefore, well advised to ally himself with an experienced firm until the first requisite of success is acquired.

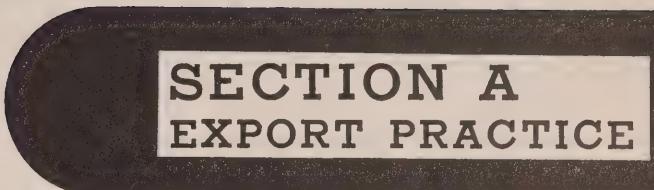
Export trade yields its best returns to those firms that are able to maintain continuity of supply. Experience has shown that firms most likely to succeed are those with a well-established domestic trade and an assured production, which permits them to build up steadily the name and demand for their product abroad.

This steadiness in export trade is of national importance. It implies courteous interest in overseas customers, fair dealing, and a continuity of vigorous service by which Canadian businessmen and Canada as a whole will be judged in foreign countries. It opens the way of goodwill to other Canadian exporters, and is a direct contribution to happier relations among the peoples of this earth in their quest for peace.



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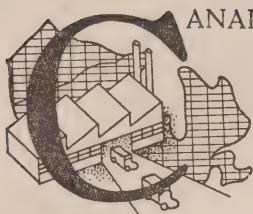


**SECTION A**  
**EXPORT PRACTICE**



## CHAPTER I

# Pricing for Export



CANADIAN firms accustomed to dealing only in the domestic market frequently overlook the fact that export prices should be prepared on a cost basis separate from that governing domestic prices. It is true that in specialty work or contract jobs, or where material and labour are indigenous to Canada, the domestic price structure may be found competitive on world markets, but is not unusual to find that, where low prices depend on mass production, competition will be keen from countries with a huge domestic market which permits a volume of production that greatly exceeds anything a Canadian firm can hope to attain.

Where this need for keen export prices exists, it is important for the exporter to realize that export markets are to be used not so much for purposes of profit as a means of reducing operation costs through improved volume of production, and for smoothing seasonal production changes which are characteristic of the Canadian market.

### Factors Influencing Export Prices

With these points in mind, export prices may be developed on the following basis:—

Set overhead charges of the factory apportioned *pro rata* to export, based on the assumption that the plant is operating to full capacity. Costs that are logically chargeable to the domestic market are eliminated, such as domestic advertising.

Cost of materials and labour that enter directly into export production and vary directly with export volume. (A careful check should be made of the origin of all materials entering into export production in order to take full advantage of drawback regulations which allow a drawback of 99 per cent of all duties and taxes paid on imported materials which are used in articles manufactured for export.)

Cost of packing and labelling.

Salary of export manager and personnel of export department.

Estimated cost of cables, travel and export advertising plus such profit as the market will stand.

The aggregate of these costs make up the Ex Factory Price.

All further charges such as agent's commission, finance charges, transportation costs, and insurance, discussed in subsequent chapters, must be added to factory price in keeping with whatever terms of sale are established, and may be invoiced to the buyers' account.

*Sales and Excise Taxes.*—Sales and Excise taxes are not applicable to goods exported. (For details consult Excise Division, Department of National Revenue, Ottawa.)

*F.O.B., C.I.F., or C. & F. Prices.*—An Ex Factory quotation is seldom acceptable to foreign importers, who prefer C.I.F. port of destination quotations, which eliminate the necessity of estimating freight and incidental charges covering the movement of goods from factory to port of destination. They are also prepared usually to accept F.O.B. port of shipment prices if the former cannot be arranged. These export quotations are developed from the Ex Factory price and include briefly the following additions.

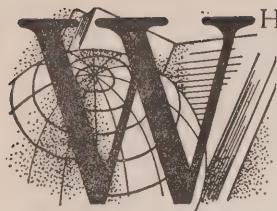
*F.O.B. Vessel (named port of shipment)*—indicates “free on board” at an agreed port, usually in the country of origin. Up to this point the cost of inland freight and charges incidental to the movement of the goods to and on board vessel at the point named and all risk fall on the exporter. The buyers’ responsibility begins thereafter.

*C.I.F. (stipulated foreign port)*.—This indicates that the price quoted includes cost, insurance and freight to point stipulated. In other words, the exporter has supplied the goods, paid transportation charges, insurance expense, and expenses in placing the goods aboard the vessel.

A full statement of obligations incurred by the exporter and buyer under these and other quotations will be found under *Terms and Definitions, Appendix C.*

## CHAPTER II

### Market Survey



HAT to Export, Where to Export and How to Export are three basic questions confronting any firm entering the export trade. Success or failure depends on the consideration given to these questions and the care with which they are answered.

Assistance may be secured from the Foreign Trade Service, Department of Trade and Commerce, in Ottawa, and from various trade organizations, such as the banks, Canadian Manufacturers' Association and the Canadian Exporters' Association. Visits to prospective markets will also assist the exporter in answering these questions. Details of services available are set forth in Section B.

Irrespective of the source of information, the prospective exporter should give consideration to conditions at home and abroad in determining what products can be exported and the countries to which they can be exported. Some of the subjects to which attention should be given in undertaking the survey are:—

*Conditions in Canada.*—Decide on the type and range of available products best suited for export. An estimate of the factory capacity should be made to determine what percentage of the total production can be made available for export. The exporter should familiarize himself with Canadian export regulations, grading and marking procedure.

*Conditions Abroad.*—Owing to the diversity of standards of living, tastes and education in other countries, it may be found that a lower quality or different style of product than that required by the Canadian market is in general demand. Labelling and markings may have to be altered to meet the requirements of foreign customers, and packaging modified to suit the foreign market. Different methods may be more convenient and economical for transportation and handling. It is axiomatic in export trade that sales are made by giving the customer what he wants, and not what an exporter may think he should have.

*Where to Export.*—Examination of foreign trade statistics, indicating the various exports to various countries, provides a preliminary idea of the countries most likely to be interested in certain exportable commodities. These reports are readily obtainable from the Dominion Bureau of Statistics, in Ottawa, while more specific information is obtainable from the Foreign Trade Service. (See Chapters VIII-X and Appendix A.)

#### Foreign Market Data Required

The exporter should secure information concerning basic trade conditions governing imports into possible markets, the present and potential market, competition and general conditions, such as geography, climate, population centres, transport and communication facilities. The factors involved are set forth in greater detail in the following paragraphs:—

*Basic Trade Conditions Governing Imports.*—Under existing world trade conditions, imports into individual countries are usually subject to some form of government regulation, such as tariffs, quotas, import licences, foreign exchange controls, quarantine or marking procedure, which must be complied with to gain access to the foreign market or to receive payment for the goods shipped. These regulations should be carefully investigated, as failure to comply with them may result in heavy fines being imposed on the importer and possible confiscation of shipments.

*Present and Potential Market.*—Import statistics of the countries involved, indicating the volume and value of imports according to the country of origin, afford the most common method of determining the present market and the main sources of foreign competition. Population figures, showing racial percentages, should be examined, together with those indicating the standard of living, rate of increase or decrease, conditions favourable or otherwise to any particular class, and purchasing peculiarities. Sources of national income should be noted, and conditions favourable or unfavourable from a long-term point of view. Educational standards, and receptivity to new ideas and advertising are subjects for study. The prospective exporter should also investigate the general indexes of prosperity, such as the number of telephones, extent of electrification, improved road mileage and railroad mileage. It is also desirable to determine the measure of political stability, and the general attitude to imports.

*Competition.*—This may be considered under four headings: Main sources of supply, domestic and foreign; prices; design, style and packaging; and advertising. In undertaking his survey, the exporter may ask the following questions:—

- (a) To what extent does domestic production control the market?
- (b) What is the grade of product manufactured and class of trade catered to?
- (c) What reputation has the domestic product?
- (d) What is the national protective policy for the domestic industry, and what other factors favour its continuation and possible expansion?
- (e) What are the principal foreign competitors, in order of their importance and popularity?
- (f) What grades of product are supplied by respective competitors and what class of trade is catered to?
- (g) What financial interests in the country, special trade relations or tariff preferences favour foreign competition?
- (h) What is the public attitude to foreign suppliers?
- (i) What Canadian firms are already established in the market?
- (j) What are the prevailing retail and wholesale prices, and duty payable on landed costs?
- (k) What are the usual trade terms, discounts, rebates and commissions allowed?
- (l) What are the shipping rates, tariffs, and incidental costs for the transportation of goods from Canada and from the main competitive sources of supply?
- (m) What advantages exist for competitors in respect of geographical proximity, shipping services and freight rates?
- (n) What styles, designs and packaging methods are most acceptable to the market?
- (o) What is the most popular form of advertising, the rates, allowances, commissions and other procedure?

*General Conditions.*—The exporter should familiarize himself with the geographical divisions of the country in which a market is sought, its principal centres of population and existing peculiarities, and means of communication. Climatic and seasonal conditions influence the purchase of many products, together with their storage and distribution.

## CHAPTER III

### Export Distribution



THE care exercised by Canadian firms in selecting the proper channels for distributing their products abroad is a major factor in their future export success. They can secure confidential guidance from the Foreign Trade Service, which is prepared to recommend suitable agents wherever these may be required.

The actual type of distribution to be adopted by any manufacturer or producer for export depends on a variety of factors, such as the size of the firm involved, the product to be exported and the market concerned. The following are the usual types of export organization which may be considered:

#### Direct Distribution

*Export Manager.*—Firms who can afford it frequently establish their own Export Department under a competent export manager, or, in smaller firms, an export clerk, who is responsible to a senior executive of the firm. The export manager looks after all phases of the export trade, and, if possible, visits the company's markets or a portion of them, each year or two, in order to maintain close relationship with their agents and customers abroad.

*Resident Commission Agent.*—For a firm with its own export department one of the best means of building up a solid export trade is to appoint resident agents abroad. Usually each Canadian firm with favourable export possibilities is deluged with letters from such overseas firms and the problem is one of making the best choice.

Canadian firms have found it to their advantage to place such problems in the hands of Canadian Trade Commissioners abroad. They, being on the spot and fully familiar with the various agents and local conditions, are usually able to select a suitable agent.

It is the resident sales agent's function to canvass dealers in a stipulated territory and place orders with the Canadian manufacturer for direct shipment to the buyer, on whom the drafts are drawn. Agents sell through samples for which he may be charged, catalogues, and price lists. They usually do not stock merchandise.

The manufacturer pays the agent a commission which is based usually on the net invoice value of the goods shipped to the stipulated territory. Agency arrangements are often made merely in the form of a letter of appointment. Any such letter or more formal method should cover the following points:—Date of agreement, territory, products, rate and basis of commission, duties of agent, circumstances under which agreement may be terminated.

It is often desirable to limit the duration of an agency to one year or some short period until the Canadian firm is satisfied with the work of the agent.

*Foreign Distributors.*—Certain products such as equipment, which requires servicing, lend themselves to direct sales to foreign importers or distributors—be they jobbers, wholesalers or retailers, who buy for their own account. Their sales price is based on the landed cost plus profit and they usually have the sole selling rights within a specified area. As in the case of resident agents, there is need for careful selection and the advice of the Trade Commissioner Service may be sought to advantage.

## Indirect Distribution

Canadian firms who are not prepared to establish their own export department have a number of alternative methods of entering the export trade at their disposal, and these should be subject to careful enquiry before a final selection is made.

Indirect selling reduces representation expenses, limits dealings to firms located in Canada, and simplifies export shipping requirements, but it has the disadvantage of keeping the exporter from being in direct touch with overseas importers, and frequently limits the control which the exporter can exercise over his sales in foreign markets.

*The Export Agent.*—Represents manufacturers on non-conflicting lines, charges a commission to each Canadian firm, and secures orders through his own system of representation abroad. He does not finance orders, as credit risks are borne by his principals. The advantage in the case of well-established export agents is that the Canadian firm is freed of time and effort required in building up foreign trade agencies.

*The Export Merchant.*—Export merchants are located usually in port cities. They purchase goods outright from the manufacturer for resale, often as composite shipments, to foreign customers. They therefore buy and sell on their own account. Such firms frequently operate both as exporters and importers. To the Canadian manufacturer they have the attraction of usually handling all phases of international trading so that the Canadian firm is able to quote a special f.o.b. factory price, and is freed of all concern as to credits. Usually the Canadian manufacturer is expected to pack, crate and label his goods for the export markets in accordance with instructions of the export merchant.

*Export Commission Firm or Buyer.*—The primary function of the export commission house is to act as a buying agent for a foreign customer. They do not buy for their own account but place orders on account of their overseas customers from whom they receive their commission. They should not expect to receive any commission or discounts from the Canadian manufacturer for their own advantage; all discounts should be passed on to their overseas principal. In point of service they offer much the same facilities as the export merchant. It is clear that, as they are paid by overseas principals, their main interest is to serve the overseas' buyer to best advantage, and while they are a useful sales outlet, they cannot be regarded as the most suitable means for a broad development of export trade.

*Other Indirect Export Services.*—The above are the three main types of indirect export sales service, but there are a number of other forms of service which may be available, such as combination export commission house and export agent, whereby the same firm may act as purchasing agent for certain overseas customers and at the same time represent certain Canadian firms as sales agent. There is also the combination export manager, who is usually a competent executive fully familiar with export markets, and who acts in the capacity of an export department for a number of small firms. On behalf of such firms he handles all foreign trade correspondence, selects agents, receives orders, arranges shipments, etc., of a normal export department and receives a commission or fee for his services.

## Trade Enquiries

Apart from orders that may be obtained through agents, export merchants, and similar established trade channels, there is always the possibility of finding new business through published trade enquiries or foreign trade visitors.

Trade enquiries are constantly being published in "Foreign Trade," weekly publication of the Department, and in certain commercial publications. They are also listed by some business organizations for the benefit of their members. The Department makes every effort to ensure that any enquiries that appear in "Foreign Trade" are from firms with a good business reputation, and it is prepared to furnish confidential data in respect of such firms. Enquiries appearing in commercial publications are not always subject to the same close scrutiny and it would be advisable for the exporter to satisfy himself as to the status of the enquirer before entering into any commitments.

### Foreign Trade Visitors

In recent years there have been an increasing number of foreign trade visitors coming to Canada. Many of them are agents seeking representation but their members include buyers for departmental stores and importers from abroad. These visitors usually arrive in Canada with letters of introduction from the Canadian Trade Commissioners and banks abroad. In the case of a foreign trade visitor bearing a letter of introduction from the Trade Commissioner, it can be assumed that confidential information as to the status of the visitor is available at the Department of Trade and Commerce in Ottawa. It is the practice of the Department to notify the Boards of Trade, Canadian Manufacturers' Association and Canadian Exporters' Association of any known foreign trade visitors coming to Canada. In the case of foreign trade visitors seeking representation and, as a result of such visits, a Canadian firm already represented in that area abroad is considering switching its agency to the visitor's firm, it is strongly recommended that the Canadian firm consult the Trade Commissioner, or its bank, in the territory concerned, as to the merits of the respective agents before making any final decision.

### Credit Information

Sources of credit information are given in Section B and should be consulted when considering the arrangement of any type of representation either at home or abroad.

### Export Advertising

Advertising, used judiciously, can be of value in developing export trade. It is well, however, to work in close consultation with the local agent, familiar with the country's standard of education, trade practices and prejudices, in planning advertisements of any kind. There are, however, certain general features which are characteristic of most advertising abroad.

*Trade Mark or Brand.*—In many countries, especially in those where educational standards are not high, the use of an acceptable brand plays an important part in establishing and maintaining consumer preference.

*Catalogues.*—Well-illustrated catalogues in the language of the country and with sufficient detail to permit the accurate preparation of an order are of real assistance to agents. Price discounts may, of course, be shown on a separate sheet if this is necessary.

*Public Advertisements.*—In most instances the local newspapers offer the best general media for consumer advertising. This is followed by local motion picture slides, and radio, where this is in operation.

*Advertising tokens* and samples carefully directed to possible purchasers are commonly used.



## CHAPTER IV

### The Order



UOTATIONS by a Canadian manufacturer to customers abroad should include the following points:—

Price—C.I.F. preferred, but F.O.B. port may be acceptable.

Currency of payment.

Terms of payment, *i.e.*, Letter of Credit, Sight Draft, etc. (*vide* Chapter VI).

Discounts (or commissions if quoting through agent) to be allowed.

Any other conditions of sale, which, when accepted by buyer, constitute a contract, such as those relating to documents, packing, insurance, inspection, arbitration, etc.

Essential Shipment Data—(should be included in catalogue).

- (a) Model or type number or name—(Give code name of model for cabling purposes.)
- (b) Descriptive and trade names, for advertising purposes.
- (c) Number of units per package or carton, for convenience in planning retail sales.
- (d) Number of packages or cartons per case, for convenience in making wholesale quotations and sales.
- (e) Net, tare and gross weights (pounds and kilograms) to calculate import customs duty, internal freight costs in importing country and other distribution and handling costs.
- (f) Overall measurements and cubic measurements (English and metric) to calculate ocean freight costs, storage charges, etc.

### The Acceptance of Orders

An order or indent should show complete details of: the goods required, quantity, packing, etc.; price and terms of sale; shipping marks and shipping instructions; and proposed method of payment.

Where possible, quantities should be sufficiently large to secure minimum rail freight rates, *e.g.*, carlots as compared to l.c.l. shipments.

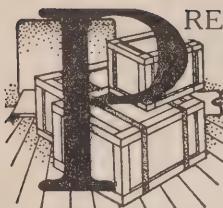
The order received by cable or air mail letter on acceptance becomes a contract.

It is important that there be no delay in acceptance of order if its terms are acceptable to the exporter; if the order is to be refused it should be treated with the same prompt courtesy. Before accepting order the exporter should be fully satisfied on the following points: financial status of his customer; shipping facilities available for shipment within reasonable period; regulations in importing country for entry of goods and their payment in currency required in contract; that a Canadian export permit, if necessary, will be granted (*vide* Chapter XI, Export Permits); that his goods are complying with marking and trade mark regulations in country of destination, and, if he so desires, his own trade mark is secure against infringement.

An exporter should endeavour to sell in the currency of his own country, and thereby avoid risk of loss through fluctuations in exchange. Where payment may be required in United States dollars under existing regulations (*vide* Chapter XI) or for the convenience of the customer, the Canadian firm may be able to quote prices in Canadian dollars with the proviso that payment may be made in United States dollars at the current rate of exchange on date of settlement. If foreign exchange must be the media of the transaction, the exporter may minimize possible losses by hedging, *i.e.*, on receipt of a firm order, selling to the bank for forward delivery within a stipulated period the amount of foreign exchange which he knows will be realized under the terms of sale at a specified time.

## CHAPTER V

# Preparing the Shipment



REPARATION of shipments for export involves: Packing and Marking; Preparation of Documents; Transportation Arrangements. Over this phase of export trade should always be the warning "BE CAREFUL". Too often this is the point where the new exporter through carelessness or lack of knowledge begins to lose his customers by mistakes which could have been avoided.

The expert services of Freight Forwarding Agents are to be recommended to firms unfamiliar with requirements under the listed headings.

### Packing for Export

Packing for export requires consideration be given to protection of goods from damage, pilferage, and moisture, to ease in handling and conformity to foreign customs requirements. Export shipments undergo stress and strain from rough handling that is not encountered in the domestic market. Consequently, good, strong, new cases should be used at all times. Pilferage, especially under short supply conditions, is rampant in certain markets. Protection is afforded by strong cases reinforced by metal strapping, and not indicating contents of case on labels.

Protection from moisture, especially for goods going to, or passing through, tropical zones of high humidity, requires waterproofing lining of cases, or with iron and steel goods the use of a slush covering which should not run at high temperatures, but which can be removed without too much difficulty.

Certain countries assess import duties by gross weight or legal weight which includes a certain amount of minor packing, or a combination of gross and net weights. The safe procedure is to ask the importer's advice on how goods should be packed and follow precisely his instructions. This may require a careful balance between weight for durability and lightness for customs purposes. When products are subject to duty according to weight it is advisable to provide a carefully prepared packing list with the commercial invoice showing net and legal weight of each item in the case. This offers a certain protection from possibility of goods in the case being assessed a rate of import duty on any one individual product therein.

Improper packing, besides annoying the importer, may add to customer's fines or extra expense which the shipper may be called upon to bear.

### Marking for Export

The importer should advise what markings are required on the goods, packages and packing cases. The name of the country of origin should be indicated clearly on merchandise, and often on the packing, in manner specified by the regulations of the country of destination.

To avoid pilferage, advertisements should not be placed on outer packing case, and it may also be advisable to place only the symbol of customer and port of destination on the case rather than name and address. When there is

more than one case, they should be numbered consecutively with numbers agreeing with those on documents, invoices and bills of lading. The gross and net weight and cubic measurements should also be shown. All such information should be in indelible, clear-cut lettering, preferably in stencilled letters at least two inches high. Marks on unwrapped goods should be applied indelibly and conspicuously. Avoid the use of tags.

## Documentation

Meticulous preparations of documents is required in order to avoid fines or excessively high rates of duty which are charged in certain countries for the slightest irregularity in documentation. It is therefore advisable for a shipper unfamiliar with his market to seek detailed information from the importer or consult the Commercial Relations Division, Department of Trade and Commerce, or the Tariff Department, Canadian Manufacturers' Association, Toronto; forwarding agents, or steamship companies.

In respect to individual markets, it may be noted that five to six documents are required for most overseas shipments, namely: Ocean Bill of Lading; Commercial Invoice, Insurance Policy or Certificate, Draft, Customs Invoice or Certificate of Origin (British Empire Countries), Consular Invoice or Certificate of Origin (Non-British Countries), and Packing List.

*Ocean Bill of Lading.*—A bill of lading may either be a straight or an order bill. A straight bill of lading is made out to a specifically named consignee. It is a non-negotiable document by which the steamship company acknowledges receipt of freight and contracts to move it. With such bills of lading it is possible for the consignee, holding the arrival notice, to obtain possession of the goods without the surrender of the original bill of lading. (Pages 25 and 26).

An order bill of lading is made out by the steamship company to the order of the shipper; the title to the goods is given by possession of the bill bearing the shipper's endorsement. In many cases the endorsement is in blank thus vesting the title to the bearer of the lading, and making it a highly negotiable document. In arranging for collection or acceptance of the draft, the shipper, besides turning over to the bank or agent the two or more negotiable copies of the bill of lading together with essential documents, will give specific instructions regarding conditions under which the shipping documents are to be transferred to the buyer of the shipment. While order bills of lading are in common use, certain Latin American countries, such as Venezuela, Colombia, Ecuador and Brazil, either prohibit or make the use of order bills of lading sufficiently difficult as to make the use of a straight bill of lading either necessary or advisable.

Consequently enquiry should always be made of the customer or agent as to the type of bill of lading which is acceptable to the country concerned.

Where to-order bills of lading cannot be used it is well for the shipper to satisfy himself as to the financial status and reliability of his customer, or broker to whom the goods are consigned, or protect himself against any possible financial loss.

Two or three negotiable or signed bills of lading are usually issued by the steamship company, plus as many more non-negotiable copies as may be required. These are clearly marked non-negotiable. Where these bills have to be presented in duplicate or triplicate at foreign customs, it is usual to supply one negotiable copy with each set of documents, plus as many non-negotiable copies of the bill of lading as are needed.

As a negotiable bill of lading and relative documents are required by the consignee to clear the shipment, documents should be forwarded either by the

same steamer that carries the merchandise or by advance post. Failure to produce the necessary clearance papers when the merchandise arrives may lead to severe penalties or excessive storage charges.

In order to avoid any possibility of loss in transit it is usual to forward two complete sets of documents, each with a negotiable bill of lading, in successive mails, to the consignee, or to the bank or agent who are to hold this document for collection. The third negotiable bill of lading is usually retained by the shipper or bank in case of emergency.

Where the shipper's draft is negotiable through the bank or the bank is required to act as collector for the shipper, it is necessary that all negotiable copies be turned over to the bank in order that it may have complete control of the shipment.

Bills of lading made out to order generally bear instructions to steamship company to notify the consignee upon arrival of goods at port of discharge.

*Commercial Invoices.*—Commercial invoices constitute the exporter's bill to the customer for payment of the merchandise exported and are often required with each set of documents. In preparing these invoices great care should be exercised to see that their contents agree in detail with similar data which may appear in the other documents such as consular invoice, bills of lading, etc. In the case of some non-Empire countries a prescribed declaration is to be made on the commercial invoice for customs purposes. This declaration almost invariably includes a statement as to country of origin. Each invoice should indicate name and port of consignee, the marks of the shipment, terms of sale, number of packages, gross and net weights, contents and value f.o.b., c.i.f., or f.a.s., according to port of origin or destination. Charges for freight, insurance and other items should be shown separately.

When more than one case is shipped the number or *individual* identification mark of each case should be listed on the invoice with a detailed statement of contents of each case being given under its identity mark or number. This greatly facilitates customs examination and selection of goods for storage or distribution by the customer. Where a number of items are involved separate packing lists are advisable.

*Insurance Policy or Certificate.*—An examination of the terms of an ocean bill of lading will reveal that there are numerous risks for which the transportation company does not accept responsibility. Consequently, banks will not accept drafts for discount unless, in addition to the bill of lading, it is accompanied by an insurance policy or certificate of insurance under an open policy which is frequently employed by regular shippers. Insurance policies or certificates should be made out to order of shippers and then endorsed by them so that in the event of loss of goods collection may be made by holder of policy. In making out a policy it is important to obtain adequate coverage and at the same time avoid the unnecessary cost of over-insurance. It is usually desirable to cover export shipment from the time it leaves exporter's factory to point of arrival in consignee's premises—or by warehouse-to-warehouse clause. A shipper should consult a reliable marine insurance broker when securing his marine insurance policy, and be explicit as to the needs of the importer. (Page 32).

*Draft.*—Payment is usually secured through a draft drawn on the buyer by the exporter payable to his order and attached to the various documents, or through a letter of credit established by the buyer against which the exporter may draw drafts under stipulated terms (*vide* Chapter VI). The advice of the exporter's banker should be obtained in this phase of documentary preparation.

*Customs Invoice.*—Most countries of the British Empire (United Kingdom and Eire excepted) have standard customs invoice forms on which there is printed a certificate of origin either on the back or foot of the page. These cus-

toms invoices, with certificates of origin, must be carefully and properly completed to ensure the clearance of goods through customs or port of destination. In the case of the United Kingdom and Eire the commercial invoice is used for export purposes and no separate customs invoice is required but a separate certificate of origin is required. The term "customs invoice" is, generally speaking, not applicable to foreign countries, but the same purpose is served by the Consular Invoice and/or a certificate of origin. (Pages 27 and 28).

*Consular Invoices.*—Many countries, especially those in Latin America, require, for the purpose of calculating duties, consular invoices which may be obtained from the consul of the country concerned, and after being meticulously completed by the shipper, be submitted to consul for certification. Certain countries may require certificates of origin in addition to the consular invoice, and these too may have to be certified. In other countries the consular invoice includes the certificate of origin. These documents must be filled out with utmost care, as even a slight mistake may result in a heavy fine being imposed on the importer. The number of consular forms that must be viséed varies with different countries as do the fees that are charged for the visés. (Pages 29 and 30).

*Certificate of Origin.*—While the trend has been to have a certificate as to the origin of the goods incorporated in the commercial invoice, customs invoice or consular invoice, there are various countries which still require a separate certificate of origin, e.g., United Kingdom, Eire, Ecuador, El Salvador, Guatemala, etc. (Page 31).

### Transportation and Communications

*Parcel Post.*—Before shipping goods by parcel post it is desirable to ascertain from the consignee if this mode of shipment is acceptable. In certain countries of Latin America the use of parcel post is not encouraged because of the delay in notifying the consignee of arrival of goods; tedious formalities; and heavy fees charged for the clearance of the goods. Information as to postage rates, and weight and size restrictions may be ascertained from the local post office.

*Freight Shipments.*—Information regarding steamship services and sailings may be obtained from *Foreign Trade* of the Department of Trade and Commerce, agents of the Canadian railways, steamship companies, or from freight forwarding companies if the services of the latter are being employed.

*Transportation Services.*—A Canadian exporter at an inland point is free to decide whether or not he will arrange for shipment of his goods abroad by dealing direct with the railway and steamship companies, or by using the services of a freight forwarding agent. The latter should not be confused with freight brokers at the seaboard. Most freight forwarding companies have their own brokerage connections where needed at the seaboard, *i.e.*, at most U.S. ports, but it is quite common for a Canadian exporter to make his own forwarding arrangements but employ a broker at, for example, New York. The following sections are intended for the information of exporters who prefer to deal direct with the transportation companies:

*Steamship Contracts.*—A steamship contract is essential before railway companies will accept either a carload or less than carload commercial freight shipment for export, except shipments destined for Newfoundland via North Sydney. This not only applies to shipments via Canadian ports but also to those moving through the United States in bond to U.S. ports. These contracts may be secured through railway agents or direct from steamship companies, except at certain U.S. ports, where some steamship companies insist that bookings be arranged through freight brokers. When a booking is arranged through a railway agent, the latter acts only as an agent for the shipper and the railway does not accept responsibility.

*Railway Permits.*—At present shipments weighing 5,000 pounds and over, moving via Canadian ports require a railway permit which shows the date on and after which the railway will accept the shipment. The movement of freight to United States ports is subject to regulations and embargoes, which are frequently changing. Shippers, therefore, should consult railway agents regarding United States requirements.

*Rail Bills of Lading.*—Rail bills of lading covering export shipments should be prepared in consultation with railway freight agent who can advise as to procedure and details involved. Where practicable the railway companies prefer that shipments be consigned on straight rail bills of lading to steamship companies or steamship agents at the seaboard, rather than on "order" rail bills of lading. Deliveries to steamship companies at Canadian ports are arranged by the railway companies only when and under conditions provided for in the railway tariffs.

*Through Bills of Lading.*—The through bill of lading covers transportation from the interior Canadian point of shipment to the foreign port of destination. It replaces the rail bill of lading and avoids the necessity of the steamship company issuing an ocean bill of lading to cover the transportation from the Canadian port to the foreign port. The railway companies *do not* sign through bills of lading via United States ports and the use of this form of bill of lading via Canadian ports is restricted in accordance with certain conditions. Exporters should consult railway agents before preparing this form of bill of lading.

Briefly, the procedure in obtaining a through bill of lading, when authorized, is for the exporter to obtain a supply of the forms from the railway agent with information as to preparation. The exporter generally prepares the forms and presents same with the original rail bill of lading to the railway agent for signature. The railway agent retains and cancels the rail bill of lading and also retains a number of copies of the through bill of lading. Of the latter, at least two signed originals and all remaining copies are returned to the shipper.

On receipt of the through bill of lading the exporter is in a position to complete arrangements with the bank for financing the shipment, as outlined in Chapter VI. Should the terms of the agreement between the exporter and buyer call for "on board" bills of lading, the exporter should send the signed through bills of lading to the steamship company to be claused "on board" which the steamship company will do as soon as the goods have been loaded on board the vessel. (*Pages 33 and 34*).

*Ocean Bills of Lading.*—These must be obtained from steamship companies when through bills of lading are not issued. Most steamship lines, especially those operating from U.S. ports, require the exporter or the latter's broker or freight forwarding company to prepare the forms.

*Canadian Customs Requirements.*—In addition to the usual shipping documents, the Canadian Customs requires, for shipments via Canadian ports, the following: Combined Foreign Exchange Control Board Form B and Export Entry Form B 13; export permit when needed; any special certificates on lumber, grain, or fresh fruit. (*Pages 35 and 36*).

Via United States Ports, the following are required: one duplicate railway bill of lading (red copy); F.E.C.B. Form B, B 13; export permit when required; two copies of *pro forma* invoice (railway companies supply these forms), or suppliers' invoices; and any special certificates or permits required on lumber, grain, or fresh fruit.

*Shipment by United States Ports.*—The above comments on transportation have been largely with reference to shipments via Canadian ports. Shipments via United States ports are complicated by the fact that it is necessary to arrange with a freight broker at most United States ports to clear the goods through the port, *i.e.*, for receiving the goods from the railway company; truckage; possible storage; and delivery to vessel. In these circumstances it is desirable that arrangements be made with a freight forwarder or broker of good repute and one who warrants confidence, as it is quite easy to subject the shipper to overcharges should an unscrupulous firm care to do so. While it may be necessary to meet the customer's wishes as to the forwarding agent or broker to be employed, there are certain Canadian forwarders with reliable connections at United States ports. The names of Canadian forwarding agents may be obtained from the railway companies, banks, or from the Department of Trade and Commerce.

*Mails.*—In view of the prominent place that correspondence, the sending of samples and literature assumes in the activities of an exporter, it is recommended that Canadian exporters provide themselves with a copy of the Canadian Official Postal Guide published by the Department of Public Printing and Stationery at a cost of \$1.00 per copy. Postal information may of course be obtained from local post offices but the above publication covers all phases of postal services in a manner suitable for ready reference.

*Cable and Radio Messages.*—As an active exporter will have frequent occasion to make use of cable or radio, it is important to take advantage of any saving in expenditure and time that can be secured through the use of coded messages. The letterheads of most business firms list the commercial cable codes in which they are prepared to receive and send messages. Among the common commercial codes are ABC, Lieber, Bentley first or second phrase, Acme, etc., as well as a number of private codes. Any telegraph company can place these code books at the disposal of a customer but if frequent messages are being sent it will be found more convenient for an exporter to purchase his own code books. It will also be found desirable to have a cable address registered with the telegraph companies. This consists usually of one word in place of the full firm name and thus permits a reduction in cable expenses. In addition to coded messages, cable services offer several kinds of rates depending on the time the message is sent and time required in delivery of message, such as deferred and full-rate messages, day messages, night messages, day letters, night letters, etc., of which full particulars and charges for each type may be obtained from any telegraph company. All cables are filed in Canada either with the Canadian Pacific Telegraphs or Canadian National Telegraphs, which maintain agency arrangements with all British and foreign communication companies operating in and out of Canada.

*Ocean Bill of Lading*

NOT TO BE ISSUED FOR  
SPECIE, BULLION, METALS,  
PRECIOUS METALS,  
PRECIOUS STONES, BANK  
NOTES, BILLS OF EXCHANGE,  
NEGOTIABLE AND VALU-  
ABLE DOCUMENTS.

SC 1205 BACK END  
10-40

(CONTINUED FROM OVER PAGE)

THE SHIPPER, SHIP, CONSIGNEE, DESTINATION, AND GOODS REFERRED TO  
IN THIS BILL OF LADING ARE AS FOLLOWS:

B/L  
NO.

SHIPPER

SHIP

EXPECTED  
TO SAIL

LOADING  
PORT

PORT OF DIS-  
CHARGE FROM SHIP

DESTINATION  
OR PORT

(IF GOODS TO BE TRANSHIPPED AT PORT OF DISCHARGE)

CONSIGNEE TO

ARRIVAL NOTICE TO  
BE ADDRESSED TO (P CONSIDERED TO SHIPPER'S ORDER)

SCOPE OF THE VOYAGE: SUBJECT TO THE LIBERTIES HEREINABOVE MENTIONED, THE CARRIER'S GENERAL TRADE IS BETWEEN CANADIAN EAST COAST PORTS  
AND PORTS OR PLACES IN MASSACHUSETTS, BERMUDA, THE WEST INDIES, BAHAMAS, BRITISH GUIANA AND BRITISH HONDURAS AND VICE VERSA, AS BUSINESS  
MAY OFFER, AND SHIPMENTS ARE RECEIVED SUBJECT TO CALLS AT SUCH PORTS OR PLACES, WITHOUT NOTICE AND WHETHER USUAL OR ADVERTISED OR NOT;

PARTICULARS OF GOODS DECLARED BY SHIPPER

MARKS AND NUMBERS	NUMBER OF PACKAGES	DESCRIPTION	GROSS WEIGHT LBS.	MEASUREMENT CUBIC FEET

OCEAN FREIGHT CHARGES TO BE PREPAID AND COLLECTED FROM SHIPPER.

IN WITNESS WHEREOF, CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LIMITED, HAS BY ITS AGENT SIGNED **TWO** BILLS  
OF LADING ALL OF THIS TENOR AND DATE, ONE OF WHICH BEING ACCOMPLISHED THE OTHERS TO STAND VOID.

DATED AT \_\_\_\_\_ 19 \_\_\_\_\_

**STEAMSHIPS, LIMITED**  
AGENT FOR SHIPOWNER

BY \_\_\_\_\_



## PRESCRIBED FORM OF INVOICE FOR GOODS EXPORTED TO SOUTH AFRICA

(Place and date)..... 19.....

\*State here general nature or class of goods

\*INVOICE of ..... supplied  
 by ..... of .....  
 to ..... of .....

to be shipped per..... Order Number.....

Country of Origin	Marks and numbers on packages	QUANTITY AND DESCRIPTION OF GOODS	Current Domestic values in currency of exporting country (See paragraphs 3 and 4 of certificate)		Selling price to purchaser	
			at	Amount	at	Amount

Enumerate the following charges and state whether each amount has been included in or excluded from the above current domestic value:

—	Amount in currency of exporting country	State if included
1. Cartage to rail and/or to docks.....		
2. Inland freight (rail or canal) and other charges to the dock area, including inland insurance.....		
3. Labour in packing the goods into outside packages.....		
4. Value of outside packages.....		
5. If the goods are subject to any charge by way of royalties.....		

State full particulars of Royalties:—

## COMBINED CERTIFICATE OF VALUE AND OF ORIGIN

(1) Here insert manager, chief clerk, (as the case may be).

(2) Here insert name of firm or company.

(3) Here insert name of city or country.

(4) Words bracketed should be omitted where the manufacturer or supplier himself signs the certificate.

(5) Here insert particulars of any special arrangement.

(6) Here insert "warehouse", "factory" or "port of shipment."

(7) Insert name of country.

(8) Insert name of country.

I.....(1).....  
of (2).....of (3).....

manufacturer of the goods enumerated in this invoice amounting to.....  
supplier  
hereby declare that I[(4) have the authority to make and sign this certificate on behalf of the  
aforesaid manufacturer and that I[ have the means of knowing and do hereby certify as follows:—

## VALUE

1. That this invoice is in all respects correct and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity thereof.

2. That no different invoice of the goods mentioned in the said invoice has been or will be furnished to any one; and that no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser, or by any one on behalf of either of them either by way of discount, rebate, compensation or in any manner whatever other than as fully shown on this invoice, or as follows (5)

3. That the domestic values shown in the column headed "Current Domestic Values" are those at which the above mentioned firm or Company would be prepared to supply to any purchaser for home consumption in the country of exportation and at the date of exportation

identically similar goods in usual wholesale quantities, at (6).....  
subject to.....per cent. cash discount, and that such values include exclude the cost of outside packages, if any, in which the goods are sold in such country for domestic consumption.

4. That the said domestic value includes any duty leviable in respect of the goods before they are delivered for home consumption, and that on exportation a drawback or remission of duty amounting to.....  
has been will be allowed by the revenue authorities in the country of exportation.

## ORIGIN

This part is to be used for goods for entry at both Minimum and Intermediate Tariff Rates.

Delete whichever of 5 (a) or 5 (b) is not applicable. If 5 (a) is used delete 6 and 7. If 5 (b) is used insert required particulars in 6 and 7

5. (a) That every article mentioned in the said invoice has been *wholly* produced

5. (b) That every article mentioned in the said invoice has been either *wholly* or *partially* produced or manufactured in

or manufactured in (7).....

(7).....

6. As regards those articles only partially produced or manufactured in

(7).....

(a) That the final process or processes of manufacture have been performed in that country.

(b) That the expenditure in material produced in (8).....

and/or labour performed in (8).....calculated  
subject to qualifications hereunder, in each and every article is not less than  
one-fourth of the factory or works cost of such article in its finished state.  
(See Note below.)

7. That in the calculation of such proportion of produce or labour of the (8).....  
none of the following items has been included or considered—

"Manufacturer's profit or remuneration of any trader, agent, broker or other  
"person dealing in the articles in their finished condition; royalties; cost of  
"outside packages or any cost of packing the goods thereto; any cost of  
"conveying, insuring or shipping the goods subsequent to their manufacture."

NOTE.—In the case of goods which have at some stage entered into the commerce of, or undergone a process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.

Dated at.....this.....day of.....19.....

Witness.....*Signature*.....

N.B.—ALL DELETIONS MUST BE INITIALLED BY SHIPPER, IN EACH CASE



INSTRUCTIONS FOR FILLING OUT A BRAZILIAN CONSULAR INVOICE

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- (a) The numbering, to be done exclusively by the Consul General, shall be yearly and in sequence.
- (b) The exporter or shipper shall fill in the blanks in this paragraph, crossing out the words which do not apply. Example: when a shipment is made by steamship, the words "motorship" or "sailboat" have to be crossed out.
- (c) A reproduction of the marks used on the packages covered by the invoice should be reproduced in this space.
- (d) This column to be filled in with the number of each packages, which must be in sequence, if possible. Ex.: 100, 101, 102, etc.
- (e) In this column indicate the reference number, which is generally marked on the packages to distinguish one consignment from another. Its use is not obligatory.
- (f) (g) In these columns state the quantity and kind of packages used, in the due order; that is, whether cases, barrels, bundles, etc.
- (h) The exporter shall describe in this column the goods by their proper denominations, in accordance with the sale made and the corresponding commercial invoice, in accordance with Chapter III of the Regulation of Consular Invoices.
- (i) In this column the exporter shall state the total gross weight of the packages, including all the packing and wrapping, both external and internal.
- (j) In this column the exporter shall state the legal weight of each article, that is, including all the internal wrapping, including cartons, cord, bottles, cans, paper and others in which the goods are wrapped, with exception of boxes of coarse wood, straw and sawdust, as well as the tin and iron plate which serves as lining for the external packing.
- (k) This column is to be used for the actual net weight of each article, that is, free of all and every wrapping.
- (l) This column is to be used for a declaration of the unit on which the duties are to be based, whenever the duties are not based on the weight. Examples: dozen, thousands, hundreds, cubic meter, etc.
- (m) In this column shall be stated the value, in dollars (U.S. currency), of the goods mentioned in each declaration in the invoice, freight and expenses excluded. Each class of goods covered by the invoice must be shown with its weight and value.
- (n) In this column is to be stated the name of the country where the goods are produced, in case of raw material; and the name of the country where they are manufactured, in case of manufactured goods.
- (o) In this column is to be stated the name of the country where the goods have been acquired for exportation to Brazil.
- (p) (q) For exclusive use of the Department of Economic and Financial Statistics.

Certificate of Origin

IMPERIAL PREFERENCE—CERTIFICATE OF ORIGIN D. FORM No. 119 (SALE)

For goods *grown or produced* in the British Empire and consigned therefrom to the United Kingdom for admission to preference, e.g., Chicory, Cocoa (other than preparations), Coffee, Fresh or Raw Fruit, Dried Fruit, Hops (other than preparations), Silk—cocoons, waste and raw silk, Sugar (which has not passed through a refinery), Tallow, Tea, Tobacco—unmanufactured, Wheat in grain.

**Note.**—This certificate must be given personally by the proprietor, or by a partner or principal official, of the firm or Company concerned. A certificate given by a Company, or "on behalf of," "per pro," "per," "for," etc., a person, firm, or Company will not be accepted.

I..... \*Proprietor  
..... \*Partner  
..... \*Principal Official

of.....

\*grower  
the \*producer of the goods designated below hereby certify:  
\*supplier

(1) that I have the means of knowing and am duly authorised to make and sign this certificate on behalf of the  
..... \*grower  
..... said \*producer;  
..... \*supplier

(2) that the merchandise designated below is of..... \*growth  
(country of origin) ..... \*produce

(3) that this merchandise is consigned from..... {place of first consignment  
..... to United Kingdom

..... (name and address of consignee)

..... to be shipped from..... (port of shipment)

..... for shipment to..... (port of ultimate destination)

Number and Description of Packages	Marks and Numbers	Weight or Quantity	Total Invoiced Value	Contents	Name of Grower or Producer

..... Signature.

Dated at ..... this ..... day of ..... 19 .....

SUPPLEMENTARY CERTIFICATE BY THE EXPORTER

**Note.**—This certificate is only required when the goods before shipment pass out of the control of the signatory to the above certificate, who is in consequence not in a position to certify that the goods shipped are identical with those covered by his certificate.

I..... \*Proprietor  
..... \*Partner  
..... \*Principal Official

.....  
the exporter of the merchandise specified in the foregoing certificate hereby certify:

(1) that I have the means of knowing and am duly authorised to make and sign this certificate on behalf of the  
..... said exporter;

(2) that the merchandise designated above is consigned from..... {place of first consignment  
..... to United Kingdom

..... (name and address of consignee)

..... to be shipped from..... (port of shipment)

..... for shipment to..... (port of ultimate destination)

..... Signature.

Dated at ..... this ..... day of ..... 19 .....

\* Delete as necessary.

† When the signatory to the main certificate cannot give the particulars at (3) the supplementary certificate below must be completed by the exporter of the goods.

Marine Insurance Certificate

Nº 7254

ORIGINAL

Issued in duplicate, one being accomplished, the other to be void.

A Stock Company

\$

19

This Certifies That this Company insured  
under and subject to the conditions of Policy No.

in the sum of  
Dollars

on

Valued at sum insured

Per Steamer (under deck)

At and from

To

Loss, if any, payable to the order of \_\_\_\_\_ hereon upon surrender  
of this Certificate. This Certificate represents and takes the place of the Policy, and conveys all the rights  
of the Original Policy Holder (for the purpose of collecting any loss or claims) as fully as if the property  
was covered by a Special Policy, direct to the Holder of this Certificate, and free from any liability for  
unpaid premiums.

CONDITIONS

Held covered on board craft and/or lighter to and from the vessel. Each craft and/or lighter to be deemed a separate insurance.  
Held covered as a premium is arranged, in case of deviation or change of voyage or of any error or unintentional omission in the description of the  
interest, vessel or voyage, provided same be communicated to the Assured as soon as known to the Assured.  
Conditions, etc., herein, are understood to be Under Deck, (i.e., below main deck or within a permanent structure built in the frame of the vessel)  
unless otherwise expressly stated herein.

General Average and Salvage Charges payable according to Foreign Statement or per York-Antwerp Rules, if in accordance with the contract of affreightment  
or of carriage, or otherwise, or in accordance with the Policy, in respect of the expenses of capturing, saving and detaining the vessel or vessels thereof,  
or of any attempt thereof, and also from all consequences of strikes, riots, civil commotions, insurrections, hostilities or war-like operations, whether before or after  
declaration of war.

In case of damage from perils insured, against affecting labels only, the loss to be limited to an amount sufficient to pay the cost of new labels and re-labeling  
the goods provided same amounts to a claim under the terms of this insurance.

This insurance attaches from the time the goods leave the Warehouse and/or Store at the place named in the policy for the commencement of the transit and  
continues until the arrival of the goods at the place of destination or at a custom's transhipment, if any, until the goods are discharged overside from the overseas vessel at the final  
port. Thereafter the insurance continues whilst the goods are in transit and/or awaiting transit until delivered to final warehouse at the destination named in the policy  
or until the expiry of 15 days from the day on which the goods are discharged overside from the overseas vessel at the final port, whichever is the earlier to occur. The  
limits referred to above may be reckoned from the midpoint of the day on which the discharge overside of the goods is thereby insured from the overseas vessel is completed.

Held covered at a premium to be arranged in the event of transhipment, if any, other than as above and/or in the event of delay in excess of the above time limits  
arising from causes beyond the control of the Assured.

NOTE.—It is necessary for the Assured to give prompt notice to Underwriters when he becomes aware of an event for which he is "held covered" under this  
policy and the right to such cover is dependent on compliance with this obligation.

On shipments to the River Plate.—Notwithstanding anything to the contrary in the clauses herein, risk of fire, firewater, shall cease upon arrival at any  
shed, Quay or Dock, or at the place of transhipment, or at any port or port of call, or at any port or port of arrival, within ten (10) days subsequent to landing, whichever may first occur.

It is especially agreed that when, by its terms, this insurance includes risk while on railroad and/or on dock, wharf, quay or elsewhere on shore, this  
company is only to be liable for loss or damage by fire, collision or derailment, while on railroad; and only on fire or flood (meaning navigable waters),  
when the vessel is in port or at a quay or wharf or dock.

Warranted that this insurance shall not insure directly or indirectly, to the benefit of any carrier or bailee.

In case of loss or injury to any part of a machine, commencing when complete for sale or use of several parts, the liability of the Insurer is to be limited  
to the insured value of the part broken or damaged, according to any bill of lading.

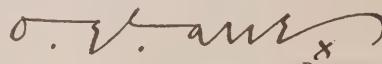
Breakeage of machinery, castings, or fragile goods or leakage of liquids (except when caused by stranding, sinking, burning or collision), is not insured,  
unless otherwise agreed in writing.

Where goods are shipped under a bill of lading containing the so-called "Both to Blame Collision" Clause these Assureds agree, as to all losses covered by  
this Insurance, to indemnify the Assured for any amount (up to the amount insured) which the Assured may be legally bound to pay to the shipowners under  
such clause. In the event that such liability is asserted the Assured agree to notify the Assureds who shall have the right, at their own cost and expense, to  
defend the Assured against such claim.

MARKS AND NUMBERS

IN CASE OF LOSS OR DAMAGE PLEASE FOLLOW INSTRUCTIONS ON REVERSE SIDE OF THIS CERTIFICATE

  
Secretary

  
President

Not valid unless  
countersigned by:

©  
B.V. 9-48  
L.A. 147

## RAILWAY COMPANY

P.P. 44 (5TH REVISION)

IN CONNECTION WITH OTHER CARRIERS ON THE ROUTE

## ATLANTIC EASTBOUND THROUGH BILL OF LADING

Steamship  
Contract No.

Railroad  
Permit No.

Export  
B/L No.

Dated at .....

this .....

day of .....

19 .....

Received, subject to the classifications and tariffs in effect, by the  
Railway Company at .....

On ..... 19..... from ..... herein called the shipper, the goods or packages said to contain goods hereinafter mentioned in apparent good order and condition, unless otherwise indicated in this bill of lading; (weight and measurement subject to correction whether freight be prepaid or otherwise).

Consigned to .....

Port of Discharge .....

Destination of goods .....

(If goods to be transhipped at port of discharge)

Arrival notice to be addressed to .....

(Without liability to carrier)

## PARTICULARS FURNISHED BY SHIPPER OF GOODS

LEADING MARKS	DESCRIPTION OF GOODS	GROSS WEIGHT POUNDS	CUBIC MEASUREMENT
EAR NUMBERS			

which the ..... Railway Company and/or other carriers on the route agree to transport to the port (A) of ..... and thence by ..... (Name of Ocean Carrier, not name of vessel) and/or other

Steamship Company to the port (B) ..... the port of discharge, or so near thereto as vessel may safely get and there deliver in like good order and condition from the ship's tackle, (where the responsibility of the carrier shall cease) to the consignee named herein, or to said consignee's assigns, or if the goods are consigned beyond said port (B), to deliver to another carrier for transportation to ..... upon payment immediately of the freight thereon.

RAILWAY RATES	FREIGHT

(State whether Prepaid or Collect)

OCEAN AND ON-CARRYING RATES

(State whether Prepaid or Collect)

**TOTAL THROUGH FREIGHT** (State whether Prepaid or Collect) ..... **TOTAL \$** .....

If the goods in whole or in part are from any cause not forwarded on the ship or ships for which intended, or be overcharged or landed at an intermediate port, the carrier shall be at liberty to forward or return them under the terms of this bill of lading on the next available ship of the carrier, or at carrier's option, of any other line.

It is agreed that each of the carriers on the route shall be responsible only for the goods whilst same are in its own personal custody. The arrangements for through carriage are made for the convenience of shippers, and the responsibility of each carrier with regard to the carriage and storage by other means than its own vessels or other vehicles or stores or railway lines is to be that of a common carrier. The carrier shall not be liable to the person or company in whose custody the goods actually were at the time when the loss damage or delay was caused or arose.

It is agreed that the custody and carriage of the goods are subject to all the terms of this bill of lading on the front and back hereof, which shall govern the relations, whatsoever they may be, between the shipper, consignee, and the carriers, master and ship in every contingency, wheresoever and whenever occurring, and also in the event of deviation, or of unseaworthiness of the ship at the time of loading or immediately after voyage or subsequently, and none of the terms of this bill of lading shall be deemed to have been waived by the carriers unless by express waiver in writing signed by a duly authorized agent of the carriers.

Any alterations, additions or erasures on this bill of lading whether on the front or back hereof shall be signed or initialed in the margin by an agent of the carrier issuing the same, and if not so signed or initialed shall be without effect and this bill of lading shall be enforceable according to its original tenor.

IN WITNESS WHEREOF, the Agent signing on behalf of the ..... Railway Company and its connecting railway and steamship lines, severally and not jointly hath affirmed to ..... Bills of Lading, all of this tenor and date, and if one is accomplished, the others shall be void.

*Agent on behalf of the carriers severally, and not jointly*  
This Bill of Lading is to be used only for shipments from Canadian points.  
SEE CONDITIONS ON BACK





## INSTRUCTIONS AND CONDITIONS

1. This form when completed by the owner of the goods or his agent and stamped and signed by the Collector of Customs is a Customs export entry and, subject to the Foreign Exchange Control Order and Regulations, is a licence from the Foreign Exchange Control Board for the export of such goods from Canada. (For exports of securities, the Board's Form K is to be used.)

2. This form, completed in the number of copies required, shall be delivered to the carrier accepting the shipment for export, one set per carload or lesser shipment to a single consignee, except as provided for in paragraph 5 (c). The carrier will hand the complete set to the Collector at the port in Canada through which goods for exportation pass outwards for places beyond the limits of Canada when shipped by land, and at the port where laden on the exportation ship when exported by water, each such vessel being designated as "the port of exit from Canada". It is most important to have this form furnished and firmly attached to the way-bill from inland places in order to avoid the necessity for detention and side-tracking of the goods at the frontier awaiting delivery of this form to the Canadian Customs-Excise Officer.

3. When goods for exportation arrive at the frontier unaccompanied by this form the Collector is to report the facts to the Commissioner of Customs and state particularly the place of lading, in order that the neglect to forward this form may be traced to the proper railway agent, and that the manager of the railway may be notified through the Department of National Revenue of such irregularity and neglect.

4. This form must be signed by the owner of the goods or his agent (who may also be the railway agent) and is not required to be attested.

5. (a) If the owner of the goods to be exported is the holder of a Foreign Exchange Control Board permit BD, BE, CF or DS, he must insert the prefix letters and number of such permit in space 1 at the top of the form. In this case at least four copies of the form must be submitted to the Collector who will, after stamping and signing the forms, return one copy to the owner and forward one copy direct to the Foreign Exchange Control Board, Ottawa, following the same procedure in every respect as when forwarding export entries to the Department of National Revenue.

(b) If the owner of the goods to be exported is not making an export under the terms of paragraph 5 (a) above, he must insert the name and address of his Authorized Dealer (Canadian bank and branch) in space 2 at the top of the form. In this case, if the goods are to be exported to a country outside Newfoundland and the sterling area, he must complete at least five copies of Form B, the Collector distributing two copies as shown in paragraph 5 (a) above and forwarding the original direct to the Authorized Dealer named; if the goods are to be exported to Newfoundland or to a country in the sterling area, Form B must be completed at least in quadruplicate, the Collector distributing the copies in the manner outlined in paragraph 5 (a) above, no copy being sent to the exporter's Authorized Dealer.

(c) When goods are exported by rail or water and the Collector at the port of exit from Canada is satisfied that it is impossible for this form to be completed in all particulars and handed to the carrier at the point of lading along with transportation documents covering export from Canada, this form may be submitted to indicate as a temporary export entry, one set per carload or lesser shipment. Where this form is used in this way, Item 3 at the top of the form, Sections A to J inclusive, and S (b), are to be completed. The quantity in Column J, where

more than one carload is concerned, may be entered as the total of the shipment divided by the number of cars. An estimated value at point of lading should be entered in Column K or L. The Collector of Customs at the port of exit will not number these forms but will stamp and return one copy to the owner of the goods and hold the original for substitution within six days of the date of entry by completed sets of forms, one set per consignee, for exports in any one day or by any one ship, as specified in paragraphs 5 (a) and 5 (b) above.

6. The Canadian dollar values entered in columns K and L must not include any freight, insurance, handling or other charges included in the selling price. (For conversion of other currencies into Canadian dollars, see Customs Memo D No. 106). It should be particularly noted that column K should be used when the goods for exportation are classed as "domestic products", and column L when they are "foreign or imported products". If column L is applicable, the country of origin of the goods exported should be shown in the space provided at the foot of the column. The following points should be noted:

(a) Goods exported from a Customs bonded warehouse are to be reported on this form, the Canadian dollar value less charges being shown in column L. The form is to be marked at the top: "ex-warehouse for statistics".

(b) Goods exported from an excise warehouse are to be reported on this form, the Canadian dollar value less charges being shown in column K. The form is to be marked at the top: "ex-warehouse for statistics".

(c) This form is required for coin or bullion exported.

7. Sections N, O, P and R represent information required by the Foreign Exchange Control Board. Either Section N or O or R of the form must be completed by the exporter, depending on whether he is to receive, respectively, payment for the goods in Canadian dollars, no settlement, or payment in foreign exchange. In certain cases where an export is made for payment in Canadian dollars or for no settlement, the form requires the approval of an Authorized Dealer on behalf of the Board (Section P) before the export of the goods may be permitted by the Collector of Customs. Full details are obtainable from the Board, Authorized Dealers, or from Collectors of Customs, but it may be mentioned specially that the more general cases where such approval is not required are:

(a) Exports for Canadian dollars or for no payment to the sterling area and Newfoundland.

(b) Goods purchased by a non-resident tourist while in Canada as bona fide tourist purchases which are shipped to the non-resident tourist by the Canadian vendor of the goods; the form must be marked "bona-fide tourist purchase".

8. It should be noted particularly:

(a) That a "general" entry is not acceptable in which the shipments of several shippers to the same consignee are "bulked" together without specifying the particulars of each shipment and the name of the owner in each instance; and

(b) That when drawback of customs duty is claimed an extra copy or copies of this form marked "subject to drawback", should accompany the goods to the frontier port of exit.

9. No charge will be made by Customs officers for the certification of extra copies of this form required for drawback, sales tax or other purposes provided that such extra copies are submitted to the Collector along with the set of forms filed at the time of export.

## PENALTY FOR NEGLECT TO DELIVER EXPORT ENTRY, \$400.00.

## NOTICE TO AUTHORIZED DEALERS

When the Authorized Dealer referred to in paragraph 5 (b) has received the original of this form from the Collector of Customs and Excise, he will proceed as follows:

(a) If the export is for payment in United States dollars he will retain the copy on file until payment for the goods is received when he will note the dollars of payment below and attach this form to the relative Form C which is sent to the Board through his head office. If the export has been prepaid in United States dollars, i.e. if the relative United States dollars have been sold to the Authorized Dealer prior to his receiving this form he will insert the appropriate particulars below and will send this form direct to the Board immediately. (Note particularly that where a single Form C does not represent full payment to be made for these goods, the partial payments are to be identified as such and this form retained by the Authorized Dealer until final payment).

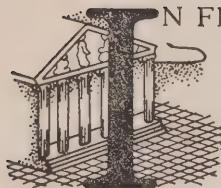
(b) If the export is for payment in Canadian dollars or for no payment, he will deal with the form in accordance with the Instructions of the Board.

## PARTICULARS OF UNITED STATES DOLLARS RECEIVED IN PAYMENT.

	DATE	AMOUNT RELATING TO THIS EXPORT APPLIED ON FORM C OR CT. (OMIT CENTS)	DESCRIPTION OF FORM C (If Form CT so state)	
			REFERENCE NO.	AMOUNT
Partial payment or only payment				
Partial payment				
" "				
" "				
" "				
" "				
Total of partial payments				
			If this Total does not agree with Total in Section R, a reconciliation must be shown on the Form C which covers final payment.	

## CHAPTER VI

### Financing Export Shipments

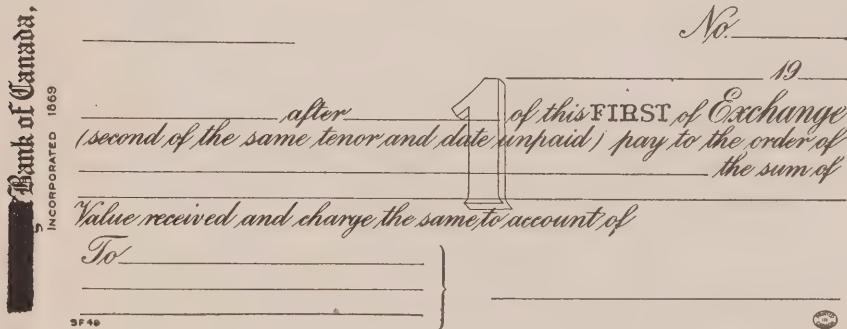


**N** FINANCING export shipments the problem that confronts both the buyer and the exporter is to realize value from the transaction in the shortest possible time. This desire usually rules out two forms of financing, namely, cash with order and sales on open account, and leaves the commonly used financing instruments, letters of credit and drafts or bills of exchange. When an importer or buyer opens a credit in favour of the manufacturer, the importer may be inconvenienced by having his funds tied up in the credit for a period of time and he is therefore not likely to agree to this form of payment unless it is the only means whereby the goods can be secured, or it enables him to make use of services which could not otherwise be provided.

During the war, when conditions were those of a sellers' market, the use of letters of credit were not uncommon. Under more competitive conditions, the use of the draft or bill of exchange is the most acceptable form of financing export shipments.

#### Draft or Bill of Exchange

A Bill of Exchange is defined as an unconditional order in writing, addressed by one person to another, signed by the person giving it, and requiring the addressee to pay at a fixed or determinable future time a certain sum of money to the order of a specified person, or to bearer.



Drafts arising out of commercial transactions may be known also as "trade bills". Drafts may be "clean", i.e., without documents, or, as is usually the case, they are "documentary drafts", which signifies the draft is accompanied by collateral documents.

*Documentary Draft Procedure.*—The exporter draws a draft payable to his order on the buyer and attaches to it the documents necessary to give title to the shipment, i.e., bill of lading, marine insurance certificate, commercial invoices, consular invoice or customs invoice as required, and any other documents which may be needed to clear the shipment at destination. A complete set of documents in duplicate is supplied and drafts made out in duplicate so that the papers may go forward by successive mailings to destination of shipment.

The documentary draft duly endorsed by the exporter may be sold at a discount at the exporter's bank. In making out the draft, the exporter adds into the account collectable the interest accruing under the draft from the date

of shipment to the time the cash is actually received for the shipment, plus the bank's collection fees. Thus, when the draft is discounted, the exporter may obtain funds slightly more than the value of the shipment, the extra amount contributing to small incidental expenses.

The bank, pending payment by the drawee, has security in the goods whose controlling documents are in its possession and also in the guarantee of the exporter, to whom they may have recourse if necessary. The bank forwards the draft and documents to its branch or correspondent at point of destination. The latter presents the draft to the buyer for acceptance or payment, in accordance with instructions which were originally given by the exporter to the forwarding bank. Once the draft is accepted by the buyer it may be resold or rediscounted by the bank. The exporter's instruction to the bank may stipulate the surrender of documents on acceptance of the draft—D/A terms, or surrender only on payment of draft—D/P terms. Where the financial status of the buyer is satisfactory, D/A terms are usual, plus a designated period within which payment must be made. Drafts therefore may be sight drafts, date drafts or arrival drafts according to the time usage employed.

*Sight Draft Procedure.*—A sight draft requires acceptance or payment upon presentation or at sight. In case of acceptance the draft is usually made payable at 30, 60 or 90 days after presentation. Sight draft terms imply that the bank presents the draft for acceptance immediately it arrives. In actual practice in certain countries the draft is not presented until the arrival of the shipment.

*Date Draft Procedure.*—A date draft calls for payment so many days after the date on which the draft is made out. While this form of draft is preferable from the exporter's point of view, most drafts are made out on sight basis.

*Arrival Draft Procedure.*—This type of draft is seldom used, as the provision requiring payment upon arrival of shipment may not be acceptable for negotiation through the bank.

*Letter of Instruction Accompanying Draft*

JOHN DOE SALES CORPORATION

Letter No.....

Quebec,..... 19.....

BANK OF CANADA,  
Quebec, P.Q.

Dear Sirs,

We enclose our Draft No..... for \$..... Funds,  
at sight on.....

Letter of Credit No..... for account of.....

Please present this draft for collection, charges for our account, through the.....  
..... in accordance with our general instructions for.....  
..... documents to be delivered on payment of draft. Proceeds to be remitted by cable transfer  
at our expense.

Also notify.....  
at..... all details of this draft.

REMARKS:

DOCUMENTS:

To be delivered  
by James Smith to  
NEW YORK AGENCY

To be forwarded by:—

AIR MAIL

ORDINARY MAIL

Commercial Invoice  
Consular Invoice  
Certificate of Origin  
Debit Note  
Credit Note  
Insurance Certificate  
Bill of Lading  
Specification Sheets

Yours very truly,

JOHN DOE SALES CORPORATION

Copy to: Export Company

## Commercial Letter of Credit

A commercial letter of credit (L/C) is the guarantee of a bank to accept or pay drafts drawn upon the bank by an exporter, if certain stipulated conditions are met. It has the advantage to the exporter that immediate payment is assured for the shipment. Financial uncertainty in the transaction is eliminated. If the letter of credit is irrevocable, there can be no cancellation of the order within the life of the credit. Its use, however, is governed largely by the competitive conditions encountered in the export market where terms more acceptable to the importer, such as sight draft, may be necessary in order to secure the business.

*Letter of Credit Procedure.*—The importer reaches an understanding with the exporter as to terms of trade and then applies to his (the importer's) bank for credit facilities, supplying whatever collateral is necessary to ensure a contract with the bank for this service. Once the contract between the bank and importer is signed, which in this instance may call for an irrevocable letter of credit, the issuing bank sends the irrevocable letter of credit to its branch or correspondent bank in the exporter's country, or, the importer sends it to the exporter. The bank in the exporter's country notifies the exporter that an irrevocable letter of credit under stipulated terms and duration has been arranged for his use. The exporter thereupon arranges for the shipment and submits his draft and necessary documents to the notifying bank or his own bank for discount against the letter of credit.

With an "open" or clean letter of credit, a bank agrees to honour drafts drawn upon it without the accompaniment of documents. A "documentary letter of credit" stipulating the presentation of documents with draft is the type in general use.

Letters of credit may be further classified as revocable and irrevocable, confirmed and unconfirmed. A revocable letter of credit provides for the issuing bank to reserve the right to withdraw from the undertaking at any time, while an irrevocable letter of credit provides for the issuing bank to undertake to meet the stipulations of the credit during the stated period of its validity. No cancellation or modification may be made of the credit during this period without the consent of the beneficiary. (Pages 41, 42 and 43).

This guarantee of payment may be further assured by the notifying bank in the exporter's own country adding its own guarantee that it will pay or honour drafts drawn against the credit by the designated exporter. The most acceptable form of credit then would be an irrevocable, confirmed letter of credit.

There are various modified credit arrangements, which may be considered with the advice of the exporter's bank, but the basic letter of credit forms are those outlined.

From the exporter's point of view, it is important to keep in mind the time for which the credit has been advanced, and secondly to pay the closest possible attention to the preparation of documents accompanying the draft to comply *exactly* with the terms of the letter of credit. The only security which the bank has is in seeing that the terms of the credit are completely fulfilled before it honours the draft which is presented for payment.

It is most important that the exporter examine carefully the terms of a letter of credit *as soon as it is received*. If the terms are incorrect or unsatisfactory, he should communicate immediately with the customer and request that the terms be altered or modified.

*Application for Commercial Letter of Credit*

Form LC 146—Revised 4-41

**APPLICATION FOR COMMERCIAL LETTER OF CREDIT**

19

THE MANAGER,  
 BANK OF CANADA,

Please issue  By Air-Mail  By Cable for  My Account  A Revocable  
 By Mail  Our Account  An Irrevocable  Documentary Credit as follows:

In favor of.....  
up to an aggregate amount of.....  
for account of.....  
available by drafts at.....drawn at your option  
on you or your correspondents for.....% of the invoice value.

**DOCUMENTS REQUIRED:** (Please indicate by "X")

Commercial Invoice.....  
 (Canada only) Invoice, in triplicate, certified for Customs purposes.....  
 Marine Insurance Policy or Certificate.....  
 Other documents..... (State if any other risks required)  
(List individually any other documents required)

Full set of Bills of Lading made out  
(State if ocean, on board ocean, through or railroad)  
to order of.....

Covering shipment of.....  
.....  
.....  
.....

from.....to.....  
Bills of Lading to be dated not later than.....

Drafts to be negotiated on or before.....

Insurance to be effected by.....  
(State if by yourselves or shippers)

**SPECIAL INSTRUCTIONS.....**  
.....  
.....

(In case of incorporated companies and other organizations  
this form must be signed by properly authorized officials)

Advice of Confirmed Irrevocable Letter of Credit  
(SPECIMEN)BANK OF CANADA  
MONTREAL, P.Q., CANADAMr. John Jones,  
MONTREAL,  
P.Q.

January 16, 1947

Our Advice of Credit No. E 1000

Dear Sir(s):

We are instructed by ..... *NATIONAL BANK, NEW YORK, N.Y.* .....  
 to advise you that they have opened their ..... *Irrevocable Confirmed* ..... Credit in your favour for the  
 account of ..... *Brown and Smith Limited* .....  
 under their Credit No. .... *135* ..... for a sum or sums not exceeding a total of ..... *Five Hundred Dollars (\$500.00)* .....  
*U.S. Funds* .....  
 available by your drafts on ..... *Bank of Canada, MONTREAL, P.Q., at Sight* .....  
 to be accompanied by—  
*Complete set Clean On Board Ocean Bills of Lading to order blank endorsed*  
*Commercial Invoice in duplicate*  
*Insurance Policy or Certificate in duplicate including marine and war risk*  
 evidencing shipment of *Merchandise from Montreal or any Canadian Port via U.S.A. to Antwerp, Belgium. Partial*  
*shipments are allowed.*

This Credit expires on ..... *June 30, 1947* ..... at ..... *Montreal, P.Q.* .....

All Drafts so drawn must be marked 'Drawn under The ..... *Bank of Canada, Montreal.*' Advice of Credit No. E 1000 dated Jan. 16/47 & 'Drawn under National Bank, New York, Letter of Credit No. 135'.

If the terms hereof are incorrect or unsatisfactory, please communicate immediately with your customers and request that they have our correspondent send us amended instructions.

This Advice must be presented with the documents when they are ready for negotiation.

*We confirm this Credit and undertake that all drafts drawn and presented as specified therein will be duly honoured by us.*

Yours very truly,

.....  
Pro Accountant.....  
Pro Manager

## Revocable Commercial Letter of Credit

BANK OF CANADA  
REVOCALE COMMERCIAL LETTER OF CREDITMontreal, Que.,  
January 16th, 1947.

The Agents,

.....  
Bank of Canada,  
New York, N.Y.

Dear Sirs:

We hereby authorize MOTOR COMPANY, NEW YORK, to value on BANK OF CANADA, PORT OF SPAIN, at sight for account of SMITH, JONES & BROWN, LTD., PORT OF SPAIN, up to an aggregate amount of FIFTY THOUSAND DOLLARS U.S. CURRENCY to cover shipments of ..... automobiles, trucks, tractors and parts from New York or Canada to Port of Spain.

Insurance in our favour to be covered by the Motor Company Open Policy.

The following documents are to accompany the drafts:

Full Set Ocean Bills of Lading to order of The ..... *Bank of Canada*  
*Commercial Invoices in duplicate*  
*For Canadian shipments, Certificates of Origin and Railroad Bills of Lading are required.*

The drafts drawn under this credit are to be endorsed hereon and are to state on their face that they are drawn under BANK OF CANADA, PORT OF SPAIN, Letter of Credit No. 123, dated January 16th, 1947.

This credit is revocable at any time on notice to that effect being given to the bank to which it is addressed. Bills drawn in compliance with the terms of this credit and negotiated on or before August 1, 1947, unless the credit has been previously revoked, will be duly honored on presentation at the office of BANK OF CANADA, NEW YORK.

THIS IS DOCUMENTARY CONFIRMATION OF A CREDIT OPENED BY WIRE THROUGH BANK OF CANADA, NEW YORK. IT IS ONLY AVAILABLE FOR SUCH AMOUNT AS HAS NOT ALREADY BEEN AVAILED OF UNDER SUCH WIRED ADVICE, AND MAY NOT BE AVAILED OF AT ALL UNLESS ATTACHED TO AND AS PART OF OUR AGENCY'S NOTIFICATION OF SUCH WIRED ADVICE, THE TWO JOINTLY CONSTITUTING EVIDENCE OF THE OUTSTANDING AMOUNT OF CREDIT.

BANK OF CANADA

.....  
Manager.....  
Accountant

No. 123—Amount U.S. \$50,000

Circular 39-2, September 15, 1930—Enclosure Sheet 4.

*Confirmed Irrevocable Commercial Letter of Credit*

Form L.C. 319—Rev. 6-37

(SPECIMEN)

IRREVOCABLE COMMERCIAL LETTER OF CREDIT

 BANK OF CANADA

No. ....

..... MONTREAL, P.Q., January ..... 19 .....

To..... *Messrs. John Doe and Co. Ltd.*.....  
..... *CALCUTTA,*.....  
..... *India*.....

We hereby authorize you to value on..... *BANK OF CANADA, LONDON, ENGLAND*.....

for account of..... *John Doe and Co. Inc., MONTREAL, P.Q.*..... up to an aggregate amount of..... *Ten Thousand Five Hundred Pounds (£10,500.0.0) STERLING*.....

available by your drafts at..... *90 days Sight*..... for ..... *100* ..... % of invoice value of..... *100,000 jute bags in one or more shipments, C.I.F. Montreal. Partial shipments are allowed*.....

shipped from..... *Calcutta, India*..... to..... *Montreal, P.Q.*.....

The shipment must be completed on or before..... *March*..... 19..... and the drafts are to be accompanied by the following documents:

Complete set of..... *Clean On Board Ocean*..... Bills of Lading drawn to order of..... *Bank of Canada*.....

and other documents as follows: ..... *Commercial Invoices in duplicate. Certified Invoices in triplicate for Canadian Customs purposes. Insurance Policy or Certificate in duplicate covering marine and war risk blank endorsed*.....

which must be delivered to the bank or bankers negotiating the drafts, who shall forward ..... *one complete set of negotiable documents via Air Mail, duplicates via surface mail*.....

direct to..... *BANK OF CANADA, MONTREAL, P.Q.*..... attaching to the draft their certificate to that effect.

Insurance to be effected by ..... *Shippers*.....

The drafts drawn under this Credit are to be endorsed hereon and shall state on their face that they are drawn under *BANK OF CANADA, MONTREAL, P.Q.*..... Branch Letter of Credit No..... dated *January*..... 19.....

We hereby agree with the drawers, endorsers and bona fide holders of the bills drawn in compliance with the terms of this Credit that the bills shall be duly honored on presentation at the office of..... *BANK OF CANADA, LONDON, ENGLAND*..... if drawn and negotiated on or before..... *March*..... 19.....

..... *Accountant* .....

..... *Manager* .....

To [REDACTED] BANK OF CANADA

19.

In consideration of the issue by [REDACTED] BANK OF CANADA (hereinafter called the "Bank") at the request of the undersigned of a Letter of Credit (hereinafter called the "Credit"), the terms and conditions of which are agreed to by the undersigned and are set forth on the reverse side hereof, the undersigned and each of them, if more than one, hereby jointly and severally covenant (s) and agree (s) with the Bank as follows:

## 1. To provide for all bills drawn under the Credit by payment of the amounts thereof to the Bank at

as follows:

- (a) a bill drawn in the currency of the place of issue of the Credit is to be provided for by payment in that currency;
- (b) a bill drawn in foreign currency is to be provided for by payment in the currency of the place of issue of the Credit at the Bank's current rate of exchange for bills of exchange in such foreign currency to the place at which the bill is payable or by bankers' demand draft approved by the Bank in such foreign currency;
- (c) payment of a sight bill is to be made as above upon demand by the Bank, together with interest from the date of payment by the Bank at the rate of \_\_\_\_\_ per cent. per annum;
- (d) payment of a bill other than a sight bill is to be made as above at least one clear business day prior to maturity, provided, however, that if payment is made by bankers' demand draft it must be in the hands of the Bank in time to reach the place at which the bill is payable in the ordinary course of post at least one clear business day prior to maturity.

2. To pay to the Bank on demand interest at the rate of \_\_\_\_\_ per cent. per annum on all overdue payments and a commission at the rate of \_\_\_\_\_ per cent. on all such part of the Credit as may be used and in any event a minimum commission of \_\_\_\_\_ and all costs, charges and expenses paid or incurred by the Bank in connection with the credit or under the authority of this agreement and interest thereon.

3. To give the Bank from time to time security by way of bills of lading, warehouse receipts and any other security required by the Bank covering all of the property which may be purchased through the use of the Credit (hereinafter called the "goods").

4. To insure the goods and keep them insured, or cause them to be insured and kept insured, against all risks, including war risks, in companies and by means of policies satisfactory to the Bank, the loss in every case to be payable to the Bank and the policies or certificates of insurance to be delivered to it.

5. That the Bank shall have the absolute right and title to and the unqualified right to the possession and disposal of the goods, whether or not released to the undersigned on trust or bailee receipt or otherwise, and all shipping documents, warehouse receipts, policies or certificates of insurance and other documents accompanying or relative to bills drawn under the Credit and the proceeds of each and all of the foregoing and all the rights of the undersigned as unpaid sellers, until such time as all the obligations and liabilities at any time incurred by the undersigned or any of them to the Bank under or with reference to the Credit or this agreement as well as all other obligations and liabilities to the Bank heretofore or hereafter incurred by the undersigned or any of them (all of the aforesaid obligations and liabilities being hereinafter called "the obligations and liabilities") have been fulfilled and paid, the whole being hereby assigned and pledged to the Bank as collateral security for the fulfilment and payment of the obligations and liabilities.

6. To give the Bank from time to time whenever requested by it additional security, satisfactory to it in nature and amount, for the obligations and liabilities, and the Bank may hold all property of any kind belonging to the undersigned or any of them at any time in possession of the Bank or under its control as security for all the obligations and liabilities.

7. That unless the Credit specifies "on board" bills of lading, "received for shipment" or "alongside" bills of lading may be accepted by the Bank; that the date of the bill of lading, or in the case of "on board" endorsement, the date of such endorsement, shall be conclusively taken to be the date of shipment, and that unless the Credit specifies direct shipment, bills of lading indicating trans-shipment may be accepted by the Bank.

8. That this Credit is subject to all laws, customs and regulations which may be in force in any place of negotiation or payment thereof.

9. That unless otherwise stated in the Credit, partial shipments may be made and the Bank may honour the relative drafts, and if the Credit specifies shipments of instalments within stated periods and the shipper fails to ship in any designated period, shipments of subsequent instalments may nevertheless be made in their respective designated periods and the Bank may honour the relative drafts.

10. To obtain promptly all necessary permissions and licenses in respect of the shipping, export and import of the goods and to comply with all foreign and domestic governmental requirements respecting the same, to the whole to the exonerations of the Bank, and to deliver to the Bank such certificates in respect thereof as it may require from time to time.

11. That all users of the Credit shall be deemed to be agents of the undersigned, and that neither the Bank nor its agents or correspondents shall be responsible for the existence, nature, condition, quality or quantity of the goods, or the packing, shipment, export, import, handling or storage thereof, or the safety or preservation thereof at any time, and that neither the Bank nor its agents or correspondents shall be liable for any loss resulting from the total or partial destruction of or damage to or deterioration or fall in value of the goods, or from the inadequacy or invalidity of any documents or insurance, or from the default or insolvency of any insurer, or from failure to give or delay in giving notice of arrival of the goods or any other notice, or from any error in or misinterpretation of or default or delay in the sending, transmission, arrival or delivery of any message, whether in cipher or not, by post, telegraph, cable, wireless or otherwise, and that the liability of the undersigned to the Bank shall not be in any way lessened or affected if any bill or document accepted, paid or acted upon by the Bank or its agents or correspondents should be in any or all respects invalid, insufficient, fraudulent or forged or if any bill does not bear a reference or sufficient reference to the Credit or if no note thereof is made on the Credit.

12. That in the event of failure to fulfil or meet at maturity any of the obligations and liabilities or if the undersigned or any of them suspend payment or become bankrupt or insolvent or make an assignment for the benefit of creditors or become subject to the provisions of any bankruptcy or insolvency or winding-up legislation, whether proceedings thereunder be taken or not, or if proceedings be taken against the undersigned or any of them for the appointment of a receiver or liquidator, or if any attachment be issued against any property of the undersigned or any of them, then any and all of the obligations and liabilities shall at the option of the Bank then or thereafter exercised become and be immediately due and payable without notice or demand.

13. That whenever the Bank may in its discretion deem it necessary for its protection, it may, without regard to the maturity of any of the obligations and liabilities, without advertisement and without notice to the undersigned, sell by public or private sale or realize in such other manner as to the Bank seems best all or any of the goods, before or after arrival and whether or not released to the undersigned on trust or bailee receipt or otherwise, and all shipping documents, warehouse receipts, policies or certificates of insurance and other documents accompanying or relevant to bills drawn under the Credit, and all or any other security and all or any property in its possession or control, upon such terms and conditions and for such price in money or other consideration as the Bank may see fit, with the right to the Bank to buy all or any thereof at any sale on a stock or other exchange or other public sale, free from all rights or equities of redemption which are hereby waived and released; that any moneys received by the Bank as proceeds of any such realization, after deduction of all fees and expenses in connection therewith, with interest, shall be borne by the undersigned, shall be applied against the obligations and liabilities as the Bank may see fit and that any moneys at credit of the undersigned or any of them may be so applied.

14. That in case of any renewal or extension of the Credit or of any bills drawn thereunder, or any increase in the amount of the Credit or any modification in any of its terms, all obligations of the undersigned under this agreement shall subsist and apply to and in respect of such bills and the Credit so renewed, extended, increased or modified.

15. That this agreement and the obligations hereunder shall continue in force and apply notwithstanding any change for any cause or in any manner whatsoever in the composition or membership of any firm which is a party thereto or may be a user of the Credit, and shall be binding upon the undersigned and their and each of their heirs, executors, administrators, successors and assigns and shall ensue to the benefit of the Bank and its successors and assigns.

(Note—Corporations must sign by duly authorised officers).



## CHAPTER VII

### Some Do's and Don'ts



ANADIAN Trade Commissioners with years of experience in Canada's export trade report the following are some of the phases of exporting which Canadian exporters should bear in mind at all times.

*Attitude.*—It is important for Canadian trade and the individual progress of the exporter that only those firms enter the export field which are prepared to give to it the same close attention as one would give to the domestic market. It must be recognized that get-rich-quick schemes have no place in export trade. Competitive prices and continuity of supply are essential to the growth of export business.

*Market Surveys.*—Canadian exporters should supply adequate information about their products, such as specifications, prices, catalogues and terms of trade, to the trade commissioner or prospective agents when requesting market surveys. If possible, a senior executive of the firm should visit the market personally. It is the only way to really get the feel of the trade.

*Agents.*—Select with care. Consult the trade commissioners or banks. Once the agent has been appointed, do not change without a thorough investigation into the reasons why business has not reached the volume anticipated, and also into the merits of the proposed agent as compared with the original representative. Pay commissions promptly in accordance with agreement.

*Correspondence.*—Prompt and courteous attention to letters pays dividends with foreign trade customers. Use the language of the customer and refer to dates and file numbers where these have been indicated in the customer's letters.

*Quotations.*—It is inadvisable to quote ex factory prices at some interior point. The customer wants c.i.f. port of destination prices, if he can get them, or at least an f.o.b. vessel (named port) quotation. If necessary to quote an ex factory price, the freight rates and charges to and beyond port of shipment should be given.

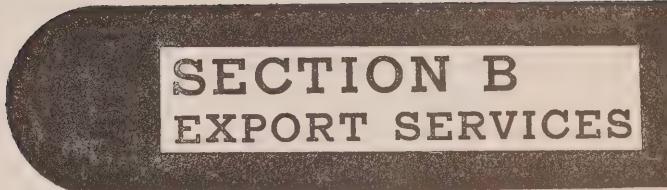
*Quality of Merchandise.*—Exercise care in meeting specifications. Where quotations are made against sample, see to it that the shipment is up to sample standard and keep it that way in subsequent orders. If any substitutions have to be made, obtain the customer's consent before making the change.

*Documents.*—Every document needs close attention. They must be honestly and carefully completed. Once completed, they should be sent forward in ample time for the consignee to use them when clearing the goods on the arrival of the shipment.

*Packing.*—Remember the export market is a long way from home and the goods need something more than domestic packaging. Damaged goods mean wasted time in any trade transaction and possibly the loss of a customer.

*Shipping.*—Prompt shipment is one step towards a repeat order. If delay is to be expected, write an explanation at once. Don't wait to be asked for it.





**SECTION B**  
**EXPORT SERVICES**



## CHAPTER VIII

### Foreign Trade Service



THE Foreign Trade Service, of the Department of Trade and Commerce, Ottawa, is able to perform a wide variety of services to firms interested in foreign trade. Assistance of a specialized nature may be obtained from the following divisions:

*Trade Commissioner Service.*—This includes supervision of the Trade Commissioners abroad and the Area Sections in Ottawa. The service is in a position to answer enquiries in regard to foreign firms, countries and areas, supply market reports, and assist in the appointment of agents, investigate complaints, and in general to aid a Canadian exporter in establishing himself on a sound basis in foreign trade.

*Export Division.*—Through its commodity specialists, this service keeps in close touch with Canadian industry, and all sources of supply for export. It deals with trade enquiries from abroad, advises Canadian firms as to conditions governing the export of specific products, and should be one of the first contacts for any firm contemplating export trade. The Export Permit Branch functions under this division.

*Commercial Relations and Foreign Tariffs Division.*—Foreign trade is conducted within a framework of international agreements. This division, by intensive study of economic and commercial problems, prepares the material used in the negotiation of those agreements. It maintains complete data on the import tariffs and restrictions, documentation on entry regulations of other countries for the information of the Foreign Trade Service and enquiring exporters.

*Import Division.*—A service to help Canadian businessmen locate low cost sources of quality supplies for direct importation, thus promoting the ideal of "two-way" trade and gaining recognition for Canada as a buyer of the products of countries to which her goods may be sold.

*Industrial Development Division.*—This division is concerned with the establishment of new industries and assists in the study of products suitable for manufacture in Canada, especially those for which there are export markets.

*Trade Publicity Division.*—The trade promotional work of the Foreign Trade Service is brought to a focus through advertising at home and abroad; the distribution of news releases and informational pamphlets, and the publication of "Foreign Trade," a weekly journal containing reports from trade commissioners, articles by head office personnel and news of interest to the commercial community. Officers of the various divisions, products handled and addresses of trade commissioners abroad are listed in "Foreign Trade".

Firms engaging in export trade should write to the Foreign Trade Service, Department of Trade and Commerce, Ottawa, for general information on any such points as the demand for goods in export markets, general economic conditions abroad, credit reports on individual firms, trade enquiries, customs duties, import restrictions, export regulations in Canada, general supply conditions in Canada, export procedure and export facilities. Principals of Canadian firms new to export trade would be well advised to call on the foreign trade service officers in Ottawa to discuss their trade problems.

Every Canadian firm interested in export trade should be listed in the Exporters' Directory, which is kept by the Foreign Trade Service. A copy of each registration is provided to the trade commissioners abroad for their confidential use. Application forms with a view to registration may be obtained from the Exporters' Directory Section of the Foreign Trade Service.

### **Associated Agencies Able to Render Assistance**

*Canadian Government Exhibition Commission*, located at 479 Bank Street, Ottawa, is responsible for arrangements concerning the participation by Canada in all exhibitions, display promotions and trade fairs outside Canada, and for international trade fairs held in Canada. It advises individual firms in the display of their commodities in foreign countries.

*Wheat and Grain Division* serves as the medium through which wheat, flour and other cereal products are procured for other countries. It maintains a constant survey of Canada's grain position, respecting supply, transportation, domestic and export demand.

*Canadian Commercial Corporation*, located at No. 2 Temporary Building, 70 Lyon Street, Ottawa, serves as a purchasing agent in Canada for governments of other countries, and for international bodies. It assists private enterprise in obtaining from ex-enemy territories essential supplies that cannot be obtained through ordinary commercial channels.

*Export Credits Insurance Corporation*, located at Bank of Canada Annex, Ottawa, provides exporters with protection against the principal risks of loss involved in foreign trade, and insures them against the insolvency of the foreign buyer, protracted default in payment by the buyer when the goods have been duly accepted by him, and assists in overcoming difficulties in the transfer of exchange, that prevent the Canadian exporter from receiving payment for goods he has sold.

## CHAPTER IX

### Associations in Canada



HERE are in this country a number of associations and other organizations in a position to render substantial assistance to exporters and importers in the development of commercial relations with traders in other lands. Besides those of a national character, most cities and towns have a chamber of commerce or board of trade, the prime purpose of which is to promote the interests of its members and indirectly that of the urban community in which it is located. The various bodies and their respective functions are as follows:—

*Canadian Manufacturers' Association—Export Trade Services*, is a well-established organization, with head office in Toronto, an office in Ottawa, divisional offices in Vancouver, Winnipeg, Toronto, Montreal, and Amherst, and branch offices in Hamilton, Quebec, Edmonton and Victoria. Through its expert service departments, the Canadian Manufacturers' Association is in a particularly strong position to assist its members in developing export trade.

The Tariff, Transportation, Legislation, Industrial Relations, Commercial Intelligence, Education, Membership, Insurance and Publishing departments of the Canadian Manufacturers' Association can be of great help in solving export problems. These departments are managed by experts, who have had long experience in their respective fields. They are able to render a comprehensive service to members, covering all phases of export business.

The association performs a valuable service by compiling and publishing annually "The Canadian Trade Index", which contains a complete list of all Canadian manufacturers, with a carefully classified list of their products, together with much other useful information on all phases of export trade.

Conferences, meetings and study groups pertaining to export trade are arranged, and publications issued on various phases of foreign trade.

*Canadian Exporters' Association*, founded in 1943, is a non-partisan, non-political and non-profit organization, providing services and effective co-ordination on every phase of export activity for the purpose of extending Canada's export trade on a sound basis. Its service includes such important matters as advice on correct pricing and quotations, proper packaging for export shipment, documentation, transportation, export permits and import licences. Frequent bulletins and other releases, industry group meetings, luncheons and regional meetings and an annual convention keep members advised of current developments in foreign trade policy and operations in Canada and abroad. It has offices in Toronto and Montreal.

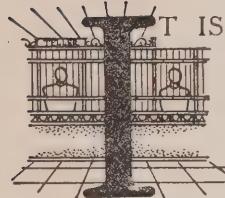
*Canadian Chambers of Commerce and Boards of Trade*.—Firms interested in export trade will find that their local Chamber of Commerce or Board of Trade is in a position to render direct assistance. These organizations work in close co-operation with the Foreign Trade Service.



## CHAPTER X

# Banks, Freight Forwarders, Marine Insurance Brokers

### Banks



IT IS hardly necessary to include reference to Canadian banks, as they are automatically involved in most foreign trade transactions. It should be pointed out, however, that Canadian banks frequently maintain foreign trade departments which are prepared to assist in trade enquiries, credit information, and appointment of agents, in addition to the usual financial transactions. Certain Canadian banks also issue regular economic surveys, which include up-to-date information on overseas market conditions of value to exporters.

### Freight Forwarding Agents

Canadian firms unfamiliar with export trade procedure will find the services of forwarding agents of value. Names of forwarders may be readily obtained from the Department of Trade and Commerce, the Canadian Manufacturers' Association, Canadian Exporters' Association, banks, railway and steamship companies. The following services may be performed by a well-organized firm of freight forwarders:

- (a) Advise or quote to shippers on all expenses which will be incurred on goods from the time they leave the factory to arrival at destination.
- (b) Where transportation rates have not been established for any particular commodity, forwarding agents will negotiate with carriers and underwriters for equitable rates.
- (c) Advise on routing of shipments.
- (d) Advise on packing of goods for export, and may assemble and pack certain types of goods for shipper.
- (e) Advise shippers re export permits and subsidy refunds. Will make application for export permits, if required.
- (f) Book ocean freight space.
- (g) Prepare all shipping documents for inland and ocean transportation. Usually inland shipping papers are prepared, however, by the shipper, who can rely on advice of forwarding agents on practicable methods. Ocean documents are readily obtainable by the forwarding agents. In securing Consular Invoices, it is well to rely on their services entirely.
- (h) Advise on and issue marine insurance policies.
- (i) Advise and guide shippers in interpretation of Letters of Credit.
- (j) Will attend to outlay of funds on shippers' behalf to cover ocean freight, marine and war risk insurance premiums, wharfage charges, etc., as required, and submit with final sets of documents itemized accounts for all expenses against individual shipments.

### Marine Insurance Brokers

An exporter must consider insurance on merchandise when this responsibility is assumed under the terms of sale. While such business may be placed with marine insurance agents, forwarding agents, etc., there are also available the

services of qualified marine insurance brokers in the principal cities of Canada, who are prepared to place insurance and collect claims. Marine insurance brokers usually require the following information in issuing a marine insurance policy:

- (a) Complete description of the product to be exported and the manner in which it is packed.
- (b) Points of origin and ports of exit from Canada.
- (c) Ultimate destination and port of entry.
- (d) Type of conveyance to seaboard and of ocean vessels to be used. (Names of vessels to be declared later.)
- (e) Basis of valuation: A proposed formula: Value at invoice cost, including all charges in the invoice, plus prepaid and/or advanced and/or guaranteed freight, if any, plus actual insurance premiums and 10 per cent added. (The percentage to be added, which may be varied, is to take care of the anticipated profit which your customer would expect to realize on the transaction.)

### Credit Information

Organizations to consult for Credit Information:

Foreign Trade Service, Ottawa.

Canadian banks.

American Foreign Credit Underwriters' Corporation, 170 Broadway, New York City. (Reports for Central America, South America and Caribbean countries.)

Dun and Bradstreet, Inc., 280 Broadway, New York City. (Also Canadian branches.) (Reports for United Kingdom, North and South America, West Indies, Australia and South Africa).

**SECTION C**  
**GENERAL INFORMATION**



## CHAPTER XI

# General Information

### Export Permits

 EXPORT control is exercised temporarily over certain commodities, due to the necessity of maintaining Canadian price ceilings, to an urgent domestic demand for products in short supply, and heavy world commitments for foodstuffs of which there are limited stocks. A list of these commodities under export control and regulations governing their movement may be obtained from the Export Permit Branch, Export Division, Foreign Trade Service, in Ottawa. Canadian exporters are advised to consult a copy of these regulations before making offers to foreign buyers. Orders for goods under export control should not be accepted before an export permit has been secured.

### Subsidy Refund

Where part of the cost price on certain commodities is defrayed by the Government, either directly or indirectly by means of a subsidy payment, this sum must be refunded as and when required, by order of the authorities concerned, before an export permit will be granted to export such subsidized goods.

Details concerning goods under subsidy refund and the amount of refund are subject to frequent change. The subsidy division of the Export Permit Branch should be consulted as to present regulations whenever the exporter is in doubt on this point.

### Export Credits Insurance

Export Credits Insurance has been made available by the Government of Canada through the Export Credits Insurance Corporation, P.O. Box 655, Ottawa, for protection on general commodities and capital goods to those engaged or likely to engage in export trade. It affords protection to the exporter against the main causes of loss arising from export sales.

Generally, policies cover the exporter against any risk of loss by reason of his failure to receive the purchase price for any cause not within his control, the main risks being insolvency or protracted default, additional transport or insurance charges occasioned by the interruption or diversion of the voyage outside of Canada or the continental United States, exchange restrictions in the buyer's country, which prevent the transfer of funds to Canada, cancellation or non-renewal of an import licence or the imposition of restrictions on the import of goods not previously subject to restriction, the occurrence of war between the buyer's country and Canada; or of war, revolution, etc., in the buyer's country.

The Corporation will insure up to 85 per cent of the contract price, and all recoveries obtained after payment of a loss are shared between the exporter and the Corporation in the proportions of 85 to 15. Premium rates are moderate and are determined on individual applications by the country of destination, class of goods and credit terms. Payment of claims for insolvency or default are made immediately after the occurrence of insolvency or twelve months after due date in the event of default. All other risks are subject to payment six

months after the due date of the debt or the occurrence of the event which is the cause of the loss. Further details may be obtained on application to the Export Credits Insurance Corporation.

### **Foreign Exchange Control Regulations**

Existing regulations of the Foreign Exchange Control Board specify the currencies which shall or may be accepted in payment for exports from Canada. As these regulations are subject to modification from time to time, Canadian exporters should consult their banks as to currencies which are acceptable in payment from any country under consideration.

## CHAPTER XII

# Tariffs, Trade Restrictions, Marking Regulations and Drawback Regulations

### Tariffs



ONE of the important factors to be taken into account in any survey of export markets is the customs tariff. It may be so high as to render prohibitive to Canadian products a market which otherwise would be of definite interest. On the other hand, preferential rates favourable to Canada may be the deciding factor in favour of Canadian goods in markets which are highly competitive. Tariff conditions, therefore, are at present of vital importance in any survey of export markets.

*Empire Tariff Preferences on Canadian Goods.*—As a result of trade agreements, tariff preferences are in force in various parts of the British Empire favouring goods of Canadian origin, as compared with similar goods of non-British origin. There is not necessarily a preference in any particular Empire market on every article exported. Some articles are on the duty-free lists, regardless of their origin, while in certain cases preferences are limited to scheduled goods.

Nearly all Canadian goods are granted tariff preference over non-Empire goods in the United Kingdom, Australia, New Zealand, the British West Indies, including Bermuda, British Guiana and British Honduras, and in a number of British colonies, including Northern Rhodesia, Fiji, Gambia and Sierra Leone. To a lesser extent, preference is granted in the Union of South Africa, Southern Rhodesia, Irish Free State, Ceylon, Mauritius, The Malayan Union and a few others. Empire motor cars enjoy a preference in Hong Kong and the Malayan Union.

In order to qualify for these Empire preferences, Canadian goods must have a certain percentage of their factory or works cost made up of Canadian material and/or labour. With certain exceptions, the most notable being Australia, other Empire material and/or labour may be included in calculating the content requirements. This varies from 25 per cent to 75 per cent, depending on country of import and the kind of merchandise. In order to avoid penalties, exporters are cautioned to make certain that their products have the required content.

Canadian goods entering Newfoundland and India are not granted any preference over non-British goods as far as customs tariff rates are concerned, but in the case of Newfoundland there is a small preference by reason of exchange, Canadian currency being on a par with the Newfoundland dollar.

*Foreign Countries.*—In addition to trade agreements within the Empire, Canada, either through direct negotiation or participation in treaties of the United Kingdom, now maintains commercial treaty relationship, consisting of reciprocal exchange of most-favoured-nation treatment, with most of the important foreign-trading countries. Usually this means that Canada and the other contracting state agree that each party will accord to the goods of the other the benefit of the lowest duties applied to similar goods of any other foreign origin. There may be reservations. These reservations are likely to be tariff advantages of little relative importance, such as one state may grant to another on historical, political, or geographical grounds, or some other special relationship. The granting of most-favoured-nation treatment by

Canada to a foreign country, however, does not entitle the foreign country to preferences accorded Empire countries. In other words, Empire preferences are confined within the Empire.

It must be noted, however, that while Canada has most-favoured-nation tariff agreements with many non-British countries, the United States, the United Kingdom and many other countries have similar arrangements. Canadian goods do not enjoy any better treatment, therefore, than do goods manufactured in these countries.

### Trade Restrictions

Government control of imports into various countries of the world in the pre-war period was practically confined to the levying of customs duties. In recent years, many countries have superimposed on their tariffs import licensing restrictions by limiting imports to quotas allotted to particular countries, or exchange control hindering the sending out of money in payment for imported goods. Such schemes are usually introduced into the foreign trade policy of a country as a device to combat trade depression, to even up trade balances with individual countries or with a view to attaining economic self-sufficiency. These artificial trade barriers or trade balancing devices have greatly handicapped the expansion of world trade. In view, therefore, of these trade restrictions in the most important trading countries of the world it is very important that any Canadian manufacturer contemplating entering foreign markets be familiar with the trade restrictions affecting his goods in the foreign country concerned.

### Marking Regulations

In most countries, a right to a trade mark may be acquired by the use of the mark irrespective of its registration. Longer user has prior right. In some countries, however, including Bulgaria, Finland and Greece, and most of the Latin American countries, no right can normally accrue from use, and right is conferred solely by registration. It is desirable, however, that the trade mark should be registered in countries to which goods bearing the mark are exported, otherwise difficulties may arise by reason of the non-registration there of a mark purporting to be registered. It is essential that the foreign owner of a mark maintain throughout the life of the registration a representative in the country to receive legal notices, etc., and to serve as the owner's address for service in all formalities that may arise. It is customary for the attorney in the country by whom registration was effected to act as such representative.

In most countries, legislation exists under which the country of origin must be shown as a counter-indication to any other mark which can be regarded as liable to give a false impression as to the origin of the goods. For example, a local place name or a name or mark being, or purporting to be, that of a local manufacturer, is deceptive as to the real country of origin of the goods. Aside from this, enactments in certain countries require a mark of origin regardless of any other markings that might appear on the goods.

The country with most exacting marking regulations is the United States, which requires a mark of origin on all imported goods. However, power exists to exempt goods for various reasons, such as articles incapable of being marked, or can be marked only at an expense economically prohibitive, or if marking the container alone will reasonably indicate origin. Many articles which it would be either impracticable or too expensive to mark are exempted.

Under the laws of the United Kingdom and France certain articles require a mark of origin. Foreign products imported or sold in the Argentine must bear the name of the country of origin. However, omission of the mark is permissible when it is not customary to declare each unit separately or when the article is

too small to mark. Haiti requires a mark of origin on merchandise to be entered under the minimum tariff, the mark to be either on the goods themselves or on the wrapping or container. The Australian (Trade Descriptions) Act, while primarily concerned with the prevention of false or misleading marks, also provides for a mark of origin on certain goods. India and Eire have regulations requiring that any goods already marked in a manner that would be misleading without the name of the country of origin should also be marked to show the country of origin as a counter-indication. Norway, Sweden, Denmark, Finland and Belgium are other countries having laws requiring marks of origin on certain articles.

*Merchandise Marks.*—Apart from these regulations regarding marks of origin, many countries have legislated specifically on the subject of trade descriptions on particular goods.

Further detailed information concerning foreign tariffs, import restrictions and marking regulations may be obtained from the Commercial Relations and Foreign Tariffs Division, Foreign Trade Service.

### **Export Drawback Regulations**

Drawback Regulations, administered by the Customs Drawback Division, Department of National Revenue, Ottawa, provide for the return of ninety-nine per cent of all duties and taxes paid on imported materials which are used or directly consumed in, wrought into, or attached to articles manufactured in Canada and subsequently exported. As a result of these provisions, the sale of Canadian goods throughout the world is not handicapped by the payment of duties on materials imported into Canada.





**APPENDICES**



## APPENDIX A

### Trade Reports

#### Foreign Trade

Weekly publication of the Foreign Trade Service, *Foreign Trade*, reproduces reports from trade commissioners and assistant trade commissioners in thirty-four countries on economic conditions, markets for Canadian products, sources of materials required by Canadian producers, import and export controls, foreign exchange regulations and competition from other lands. Articles by commodity officers and other head office personnel, and analyses of trade statistics are also published at regular intervals, supplemented by a series of charts that furnish a clear indication of current trends. Other information includes trade enquiries received by the Foreign Trade Service, following their investigation; postal information; comments on Canadian commodities available for export; trade and tariff regulations; scheduled steamship sailings from Atlantic and Pacific ports; and foreign exchange quotations. A list of Canadian Trade Commissioners is reproduced in each issue, supplemented at the end of every month with a directory of head office personnel and foreign commercial representatives in Canada, with the address and telephone number of each.

Annual subscription for *Foreign Trade* and for the French version, *Commerce Exterieur*, is one dollar (\$1.00), which should be forwarded to the King's Printer, Government Printing Bureau, Ottawa. Extra copies may be obtained for 10 cents each. Universities and similar institutions may subscribe for this publication on a bulk basis of 50 cents per annum.

#### Postwar Trade Reviews

Reports on economic conditions in various countries, as reproduced in the *Commercial Intelligence Journal*, now known as *Foreign Trade*, have been reprinted and are available for distribution in pamphlet form. Postwar Trade Reviews on the following countries may be obtained on application to the Trade Publicity Division, Foreign Trade Service, Department of Trade and Commerce, Ottawa: Argentina, Australia, British West Indies and British Guiana, Central America, Chile, Colombia and Venezuela, India and New Zealand. Although not included in the same series, a similar review is available on French North Africa—Algeria, Morocco and Tunisia.

#### Other Literature Available

Head Office Directory, including a list of agencies associated with the Foreign Trade Service in the development of foreign trade, a list of Canadian Trade Commissioners and the territories for which they are responsible, and a list of Foreign Commercial Representatives in Canada.

The Influence of Geography on Import Trade, being a reprint from an article prepared by the Foreign Trade Service for reproduction in the *Canadian Geographical Journal*.

Canadian Tobacco, being a reprint of articles on the production and consumption of tobacco, appearing in the *Commercial Intelligence Journal* and its successor, *Foreign Trade*.

Industrial Development in Canada, being a reprint of an address on the subject reproduced in *Foreign Trade*.

## Dominion Bureau of Statistics

Detailed information pertaining to Canadian foreign trade and the Canadian balance of international payments is compiled by the Dominion Bureau of Statistics, which is also part of the Department of Trade and Commerce. External trade publications, containing a wealth of data valuable to exporters and importers, are issued monthly, quarterly and annually, as follows:

(a) Monthly Bulletins—

*Summary Tables of Foreign Trade.* Monthly totals of trade; no details of countries or commodities. Price \$1.00 a year or \$0.10 for single copies.

*Domestic Exports.* Monthly totals by countries and by selected commodities. Price \$2.00 a year or \$0.20 for single copies.

*Imports for Consumption.* Monthly totals by countries and by selected commodities. Price \$2.00 a year or \$0.20 for single copies. Price for all three bulletins \$3.00 a year.

(b) Monthly Detailed Reports—

*Exports, Canadian and Foreign Produce.* Commodities by country; current month and elapsed period of calendar year. Price \$3.00 a year or \$0.25 for single copies.

*Imports Entered for Consumption.* Commodities by country; current month and elapsed period of calendar year. Price \$3.00 a year or \$0.25 for single copies. Price for these two reports \$5.00 a year.

(c) Quarterly—

*Articles Exported to Each Country.* Countries by commodity; elapsed period of year with comparison for previous year. Price \$1.00 a year or \$0.25 for single copies.

*Articles Imported from Each Country.* Countries by commodity; elapsed period of year with comparison for previous year. Price \$1.00 a year or \$0.25 for single copies.

(d) Annual—

Vol. 1—*Summary and Analytical Tables.*

Vol. 2—*Exports.* Commodities by country; year and two previous years.

Vol. 3—*Imports.* Commodities by country; year and two previous years.

Price \$2.00 for each volume or \$5.00 for all three.

All external trade publications listed above may be obtained at an annual fee of \$10.00.

Reports relating to the Balance of International Payments are issued as follows:—

(a) Annual—

*The Canadian Balance of International Payments: 1926-1946* (Includes British and Foreign Investments in Canada and Canadian investments abroad and covers 1926 to year under review). Price \$0.25.

*Canada's International Tourist Trade.* Price \$0.25.

(b) Monthly—

*Sales and Purchases of Securities between Canada and other Countries.* Price \$1.00 per annum and \$0.10 for single copies.

(c) Special—

*British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad.* Price \$0.50.

*Canadian Balance of International Payments—A Study of Methods and Results.* Price \$1.00.

## Canada Year Book

Official compendium, for nearly eighty years, of information pertaining to the resources, institutions, social and economic conditions of this country, the *Canada Year Book* is one of the most important works of reference made available to the commercial community. The chapter on external trade provides an outline of conditions affecting commerce throughout the world and their relation to the economy of Canada. A review of the Foreign Trade Service was incorporated, following reorganization of the Department of Trade and Commerce, indicating the improved facilities available to exporters and importers. This should prove useful to businessmen contemplating expansion of their domestic market to the foreign field. Commodity statistics and analyses of Canadian trade provide a clear conception of the manner in which merchandise flows between this and other countries, and reveal changes in the volume recorded over a period of years. They form the basis of market analysis for those who are seriously engaged in developing their external trade relations. Copies of the *Canada Year Book* may be obtained for Two Dollars (\$2) on application to the King's Printer, though supplies have been exhausted within a few months of publication in recent years.

The *Canada Year Book* is supplemented by a handbook, which provides a brief indication of economic conditions in a more attractive form. Material contained in more than 1,200 pages of the former is summarized and reproduced in a more popular form in 260 pages of the handbook, and liberally illustrated. Although this volume is of particular value in extending the knowledge of Canada in other countries, and is used extensively in Canadian schools, it is of use to the businessman in providing him with a wider knowledge of his own country and conditions influencing the sale of his product. The handbook may be purchased for 25 cents from the King's Printer.



## APPENDIX B

### Other Reference Books

“Pricing for Export”—Canadian Export Trade Series No. 4, March, 1946, a booklet, issued by Canadian Manufacturers’ Association, Inc., Toronto.

“A Survey of Canadian Foreign Trade”, a booklet, issued by Canadian Manufacturers’ Association, Inc., Toronto.

“Financing Foreign Trade” (1927), a booklet issued by Royal Bank of Canada, Head Office, Montreal.

“Export and Import Practice”—Trade Promotion Series No. 175 (1938), a book, issued by U.S. Department of Commerce, Washington, D.C., U.S.A. (40c.)

“International Trade Principles and Practices”, by Paul V. Horn, M.S., Ph.D. (1945), a book, obtainable from Prentice-Hall, Inc., 70 Fifth Ave., New York City.

“Principles of Foreign Trade”, by C. E. Griffin, Ph.D. (1934), a book, obtainable from The MacMillan Company, New York City.

“Exporters’ Encyclopaedia”—published annually by Thomas Ashwell & Co., Inc., 20 Vesey Street, New York City. (\$20.)

“International Mercantile Diary and Year Book”—published every 2 years by The Syren & Shipping, Limited, 26-28 Belleter St., London, E.C. 3.

“International Trade Handbook”, issued by Committee for Economic Development, 285 Madison Avenue, New York City.

“Dictionary of Foreign Trade”—by Frank Henius, available from Prentice-Hall, Inc., 70 Fifth Ave., New York City.



## APPENDIX C

### Trade Terms and Definitions

(These trade definitions are based on Revised American Trade Definitions, 1941, and issued in pamphlet form by the National Foreign Trade Council, Inc., 26 Beaver Street, New York. They have no legal status unless there is specific legislation providing for them or unless they are confirmed by court decisions.)

As foreign trade definitions have been issued by organizations in various parts of the world, and as the courts of countries have interpreted these definitions in different ways, it is important that sellers and buyers agree that their contracts are subject to the Revised American Foreign Trade Definitions, 1941, and that the various points listed are accepted by both parties.

In addition to the foreign trade terms listed herein, there are terms that are at times used, such as Free Harbour, "C.I.F. & C." (Cost, Insurance, Freight and Commission), "C.I.F.C. & I." (Cost, Insurance, Freight, Commission and Interest), "C.I.F. Landed" (Cost, Insurance, Freight, Landed), and others. None of these should be used unless there has first been a definite understanding as to the exact meaning thereof. It is unwise to attempt to interpret other terms in the light of those given herein. Hence, whenever possible, one of the terms set forth below should be used.

It is unwise to use abbreviations in quotations or in contracts which might be subject to misunderstanding.

When making quotations, the familiar terms "hundredweight" or "ton" should be avoided. A hundredweight can be 100 pounds of the short ton or 112 pounds of the long ton. A ton can be a short ton of 2,000 pounds, a metric ton of 2,204.6 pounds, or a long ton of 2,240 pounds. Hence, these measurements of weight should be clearly stated in quotations and in sales confirmations. Also, all terms referring to quantity, weight, volume, length, or surface should be clearly defined and agreed upon.

If inspection, or a certificate of inspection, is required, it should be agreed, in advance, whether the cost thereof is for account of seller or buyer. Unless otherwise agreed upon, all expenses are for the account of seller up to the point at which the buyer must handle the subsequent movement of goods.

There are a number of elements in a contract that do not fall within the scope of these foreign trade definitions. Hence, no mention of these is made herein. Seller and buyer should agree to these separately when negotiating contracts. This particularly applies to so-called "customary" practices.

### Various Quotations

#### EX (Point of Origin).

"Ex Factory", "Ex Mill", "Ex Mine", "Ex Plantation", "Ex Warehouse", etc.

(named point or origin)

Under this term, the price quoted applies only at the point of origin, and seller agrees to place the goods at the disposal of the buyer at the agreed place on the date or within the period fixed.

Under this quotation, the seller is required: (a) to bear all costs and risks of the goods until such time as the buyer is obligated to take delivery thereof; (b) to render the buyer, at the buyer's request and expense, assistance in obtain-

ing the documents issued in the country of origin, or of shipment, or of both, which the buyer may require either for purposes of exportation, or of importation at destination.

Under this quotation, the buyer is required: (a) to take delivery of the goods as soon as they have been placed at his disposal at the agreed place on the date or within the period fixed; (b) to pay export taxes, or other fees or charges, if any, levied because of exportation; (c) to bear all costs and risks of the goods from the time when he is obligated to take delivery thereof; (d) to pay all costs and charges incurred in obtaining the documents issued in the country of origin, or of shipment, or of both, which may be required either for purposes of exportation, or of importation at destination.

#### **F.O.B. (Free on Board)**

Seller and buyer should consider not only the definitions but also the "Comments on All F.O.B. Terms" given at end of this section, in order to understand fully their respective responsibilities and rights under the several classes of "F.O.B." terms.

##### **F.O.B. (named inland point of departure)**

Under this term, the price quoted applies only at inland shipping point, and the seller arranges for loading of the goods on, or in, railway cars, trucks, lighters, barges, aircraft, or other conveyance furnished for transportation.

Under this quotation, the seller is required: (a) to place goods on, or in, conveyance, or deliver to inland carrier for loading; (b) to provide clean bill of lading or other transportation receipt, freight collect; (c) to be responsible for any loss or damage, or both, until goods have been placed in, or on, conveyance at loading point, and clean bill of lading or other transportation receipt has been furnished by the carrier; (d) to render the buyer, at the buyer's request and expense, assistance in obtaining the documents issued in the country of origin, or of shipment, or of both, which the buyer may require either for purposes of exportation, or of importation at destination.

Under this quotation, the buyer is required: (a) to be responsible for all movement of the goods from inland point of loading, and pay all transportation costs; (b) to pay export taxes, or other fees or charges, if any, levied because of exportation; (c) to be responsible for any loss or damage, or both, incurred after loading at named inland point of departure; (d) to pay all costs and charges incurred in obtaining the documents issued in the country of origin, or of shipment, or of both, which may be required either for purposes of exportation, or of importation at destination.

##### **F.O.B. (named inland carrier at named inland point of departure)**

###### **Freight Prepaid to (named point of exportation)**

Under this term, the seller quotes a price, including transportation charges to the named point of exportation and prepays freight to named point of exportation, without assuming responsibility for the goods after obtaining a clean bill of lading or other transportation receipt at named inland point of departure.

Under this quotation, the seller is required to assume the seller's obligations as under II-A, except that under (b) he must provide a clean bill of lading or other transportation receipt, freight prepaid to named point of exportation.

Under this quotation, the buyer is required to assume the same buyer's obligations as under II-A, except that he does not pay freight from loading point to named point of exportation.

**F.O.B. (named inland carrier at named inland point of departure)**

Freight Allowed to (named point)

Under this term, the seller quotes a price, including the transportation charges to the named point, shipping freight collect and deducting the cost of transportation, without assuming responsibility for the goods after obtaining a clean bill of lading or other transportation receipt at named inland point of departure.

Under this quotation, the seller is required to assume the same seller's obligations as under II-A, but deducts from his invoice the transportation cost to named point.

Under this quotation, the buyer is required to assume the same buyer's obligations as under II-A, including payment of freight from inland loading point to named point, for which seller has made deduction.

**F.O.B. (named inland carrier at named point of exportation)**

Under this term, the seller quotes a price, including the costs of transportation of the goods to named point of exportation, bearing any loss or damage, or both, incurred up to that point.

Under this quotation, the seller is required: (a) to place goods on, or in conveyance, or deliver to inland carrier for loading; (b) to provide a clean bill of lading or other transportation receipt, paying all transportation costs from loading point to named point of exportation; (c) to be responsible for any loss or damage, or both, until goods have arrived in, or on, inland conveyance at the named point of exportation; (d) to render the buyer, at the buyer's request and expense, assistance in obtaining the documents issued in the country of origin, or of shipment, or of both, which the buyer may require either for purposes of exportation, or of importation at destination.

Under this quotation, the buyer is required: (a) to be responsible for all movement of the goods from inland conveyance at named point of exportation; (b) to pay export taxes, or other fees or charges, if any, levied because of exportation; (c) to be responsible for any loss or damage, or both, incurred after goods have arrived in, or on, inland conveyance at the named point of exportation; (d) to pay all costs and charges incurred in obtaining the documents issued in the country of origin, or of shipment, or of both, which may be required either for purposes of exportation, or of importation at destination.

**F.O.B. Vessel (named port of shipment)**

Under this term, the seller quotes a price covering all expenses up to, and including, delivery of the goods upon the overseas vessel provided by, or for, the buyer at the named point of shipment.

Under this quotation, the seller is required: (a) to pay all charges incurred in placing goods actually on board the vessel designated and provided for, or by, the buyer on the date or within the period fixed; (b) to provide a clean ship's receipt or on-board bill of lading; (c) to be responsible for any loss or damage, or both, until goods have been placed on board the vessel on the date or within the period fixed; (d) to render the buyer, at the buyer's request and expense, assistance in obtaining the documents issued in the country of origin, or of shipment, or of both, which the buyer may require either for purposes of exportation, or of importation at destination.

Under this quotation, the buyer is required: (a) to give seller adequate notice of name, sailing date, loading berth of, and delivery time to, the vessel; (b) to bear the additional costs incurred and all risks of the goods from the time when the seller has placed them at his disposal if the vessel named by him fails

to arrive or to load within the designated time; (c) to handle all subsequent movement of the goods to destination, including insurance, ocean and other transportation; (d) to pay export taxes, or other fees or charges, if any, levied because of exportation; (e) to be responsible for any loss or damage, or both, after goods have been loaded on board the vessel; (f) to pay all costs and charges incurred in obtaining the documents, other than clean ship's receipt or bill of lading, issued in the country of origin or of shipment, or of both, which may be required either for purposes of exportation, or of importation at destination.

**F.O.B. (named inland point in country of importation)**

Under this term, the seller quotes a price including the cost of the merchandise and all costs of transportation to the named inland point in the country of importation.

Under this quotation, the seller is required: (a) to provide and pay for all transportation to the named inland point in the country of importation; (b) to pay export taxes, or other fees or charges, if any, levied because of exportation; (c) to provide and pay for marine insurance; (d) to provide and pay for war risk insurance, unless otherwise agreed upon between the seller and buyer; (e) to be responsible for any loss or damage, or both, until arrival of goods on conveyance at the named inland point in the country of importation; (f) to pay the costs of certificates of origin, consular invoices, or any other documents issued in the country of origin, or of shipment, or of both, which the buyer may require for the importation of goods into the country of destination and, where necessary, for their passage in transit through another country; (g) to pay all costs of landing, including wharfage, landing charges, and taxes, if any; (h) to pay all costs of customs entry in the country of importation; (i) to pay customs duties and all taxes applicable to imports, if any, in the country of importation.

The seller, under this quotation, must realize that he is accepting important responsibilities, costs and risks, and should therefore be certain to obtain adequate insurance. On the other hand, the importer or buyer may desire such quotations to relieve him of the risks of the voyage and to assure him of his landed costs at inland point in country of importation. When competition is keen, or the buyer is accustomed to such quotations from other sellers, seller may quote such terms, being careful to protect himself in an appropriate manner.

Under this quotation, the buyer is required: (a) to take prompt delivery of goods from conveyance upon arrival at destination; (b) to bear any costs and be responsible for all loss or damage, or both, after arrival at destination.

**COMMENTS ON ALL "F.O.B." TERMS**

In connection with "F.O.B." terms, the following points of caution are recommended:

(a) The method of inland transportation, such as trucks, railroad cars, lighters, barges, or aircraft, should be specified.

(b) If any switching charges are involved during the inland transportation, it should be agreed, in advance, whether these charges are for account of the seller or the buyer.

(c) The term "F.O.B. (named port)", without designating the exact point at which the liability of the seller terminates and the liability of the buyer begins, should be avoided. The use of this term gives rise to disputes as to the liability of the seller or the buyer in the event of loss or damage arising while the goods are in port, and before delivery to or on board the ocean carrier. Misunderstandings may be avoided by naming the specific point of delivery.

(d) If lighterage or trucking is required in the transfer of goods from the inland conveyance to ship's side, and there is a cost therefor, it should be understood, in advance, whether this cost is for account of the seller or the buyer.

(e) The seller should be certain to notify the buyer of the minimum quantity required to obtain a carload, a truckload, or a barge-load freight rate.

(f) Under F.O.B. terms, excepting "F.O.B. (*named inland point in country of importation*)", the obligation to obtain ocean freight space and marine and war risk insurance rests with the buyer. Despite this obligation on the part of the buyer, in many trades the seller obtains the ocean freight space and marine and war risk insurance, and provides for shipment on behalf of the buyer. Hence, seller and buyer must have an understanding as to whether the buyer will obtain the ocean freight space and marine and war risk insurance, as is his obligation, or whether the seller agrees to do this for the buyer.

(g) For the seller's protection, he should provide in his contract of sale that marine insurance obtained by the buyer includes standard warehouse-to-warehouse coverage.

### **F.A.S. (Free Along Side)**

Seller and buyer should consider not only the definitions but also the "Comments" given at the end of this section in order to understand fully their respective responsibilities and rights under "F.A.S." terms.

#### **F.A.S. Vessel (*named port of shipment*)**

Under this term, the seller quotes a price including delivery of the goods alongside overseas vessel and within reach of its loading tackle.

Under this quotation, the seller is required: (a) to place goods alongside vessel or on dock designated and provided by, or for, buyer on the date or within the period fixed; pay any heavy lift charges, where necessary, up to this point; (b) to provide clean dock or ship's receipt; (c) to be responsible for any loss or damage, or both, until goods have been delivered alongside the vessel or on the dock; (d) to render the buyer, at the buyer's request and expense, assistance in obtaining the documents issued in the country of origin, or of shipment, or of both, which the buyer may require either for purposes of exportation, or of importation at destination.

Under this quotation, the buyer is required: (a) to give seller adequate notice of name, sailing date, loading berth of, and delivery time to, the vessel; (b) to handle all subsequent movement of the goods from alongside the vessel; to arrange and pay for demurrage or storage charges, or both, in warehouse or on wharf, where necessary; to provide and pay for insurance; and to provide and pay for ocean and other transportation; (c) to pay export taxes, or other fees or charges, if any, levied because of exportation; (d) to be responsible for any loss or damage or both, while the goods are on a lighter or other conveyance alongside vessel within reach of its loading tackle, or on the dock awaiting loading, or until actually loaded on board the vessel, and subsequent thereto; (e) to pay all costs and charges incurred in obtaining the documents, other than clean dock or ship's receipt, issued in the country of origin, or of shipment, or of both, which may be required either for purposes of exportation, or of importation at destination.

#### **"F.A.S." COMMENTS**

Under F.A.S. terms, the obligation to obtain ocean freight space, and marine and war risk insurance, rests with the buyer. Despite this obligation on the part of the buyer, in many trades the seller obtains ocean freight space, and marine and war risk insurance, and provides for shipment on behalf of the

buyer. In others, the buyer notifies the seller to make delivery alongside a vessel designated by the buyer and the buyer provides his own marine and war risk insurance. Hence, seller and buyer must have an understanding as to whether the buyer will obtain the ocean freight space, and marine and war risk insurance, as is his obligation, or whether the seller agrees to do this for the buyer.

For the seller's protection, he should provide in his contract of sale that marine insurance obtained by the buyer include standard warehouse-to-warehouse coverage.

### **C. & F. (Cost and Freight)**

Seller and buyer should consider not only the definitions but also the "C. & F. Comments" and the "C. & F. and C.I.F. Comments" in order to understand fully their respective responsibilities and rights under "C. & F." terms.

#### **C. & F. (named point of destination)**

Under this term, the seller quotes a price including the cost of transportation to the named point of destination.

Under this quotation, the seller is required: (a) to provide and pay for transportation to named point of destination; (b) to pay export taxes, or other fees or charges, if any, levied because of exportation; (c) to obtain and dispatch promptly to buyer, or his agent, clean bill of lading to named point of destination; (d) where received-for-shipment ocean bill of lading may be tendered, to be responsible for any loss or damage, or both, until the goods have been delivered into the custody of the ocean carrier; (e) where on-board ocean bill of lading is required, to be responsible for any loss or damage, or both, until the goods have been delivered on board the vessel; (f) to provide, at the buyer's request and expense, certificates of origin, consular invoices, or any other documents issued in the country of origin, or of shipment, or of both, which the buyer may require for importation of goods into country of destination and, where necessary, for their passage in transit through another country.

Under this quotation, the buyer is required: (a) to accept the documents when presented; (b) to receive goods upon arrival, handle and pay for all subsequent movement of the goods, including taking delivery from vessel in accordance with bill of lading clauses and terms; pay all costs of landing, including any duties, taxes, and other expenses at named point of destination; (c) to provide and pay for insurance; (d) to be responsible for loss of or damage to goods, or both, from time and place at which seller's obligations, under (d) or (e) above, have ceased; (e) to pay the costs of certificates of origin, consular invoices, or any other documents issued in the country of origin, or of shipment, or of both, which may be required for the importation of goods into the country of destination and, where necessary, for their passage in transit through another country.

#### **C. & F. COMMENTS**

For the seller's protection, he should provide in his contract of sale that marine insurance obtained by the buyer include standard warehouse-to-warehouse coverage.

The comments listed under the following C.I.F. terms in many cases apply to C. & F. terms as well, and should be read and understood by the C. & F. seller and buyer.

### **C.I.F. (Cost, Insurance, Freight)**

Seller and buyer should consider not only the definitions but also the "comments" at the end of this section, in order to understand fully their respective responsibilities and rights under "C.I.F." terms.

**C.I.F. (named point of destination)**

Under this term, the seller quotes a price including the cost of the goods, the marine insurance, and all transportation charges to the named point of destination.

Under this quotation, the seller is required : (a) to provide and pay for transportation to named point of destination; (b) to pay export taxes, or other fees or charges, if any, levied because of exportation; (c) to provide and pay for marine insurance; (d) to provide war risk insurance as obtainable in seller's market at time of shipment at buyer's expense, unless seller has agreed that buyer provide for war risk coverage ( see Comment 10-c); (e) to obtain and dispatch promptly to buyer, or his agent, clean bill of lading to named point of destination, and also insurance policy or negotiable insurance certificate; (f) where received-for-shipment ocean bill of lading may be tendered, to be responsible for any loss or damage, or both, until the goods have been delivered into the custody of the ocean carrier; (g) where on-board ocean bill of lading is required, to be responsible for any loss or damage, or both, until the goods have been delivered on board the vessel; (h) to provide, at the buyer's request and expense, certificates of origin, consular invoices, or any other documents issued in the country of origin, or of shipment, or both, which the buyer may require for importation of goods into country of destination, and, where necessary, for their passage in transit through another country.

Under this quotation, the buyer is required: (a) to accept the documents when presented; (b) to receive the goods upon arrival, handle and pay for all subsequent movement of the goods, including taking delivery from vessel in accordance with bill of lading clauses and terms; pay all costs of landing, including any duties, taxes, and other expenses at named point of destination; (c) to pay for war risk insurance provided by seller; (d) to be responsible for loss of or damage to goods, or both, from time and place at which seller's obligations, under (f) or (g) above, have ceased; (e) to pay the cost of certificates of origin, consular invoices or any other documents issued in the country of origin, or of shipment, or both, which may be required for importation of the goods into the country of destination, and, where necessary, for their passage in transit through another country.

**"C. & F." AND "C.I.F." COMMENTS**

Under "C. & F." and "C.I.F." contracts, the seller and buyer should be in complete agreement at the time the contract is concluded on the following points:

1. It should be agreed upon, in advance, who is to pay for miscellaneous expenses, such as weighing or inspection charges.
2. The quantity to be shipped on any one vessel should be agreed upon, in advance, with a view to the buyer's capacity to take delivery upon arrival and discharge of the vessel within the free time allowed at the port of importation.
3. Although the terms "C. & F." and "C.I.F." are generally interpreted to provide that charges for consular invoices and certificates of origin are for the account of the buyer, and are charged separately, in many trades these charges are included by the seller in his price. Hence, seller and buyer should agree, in advance, whether these charges are part of the selling price, or will be invoiced separately.
4. The point of final destination should be definitely known in the event the vessel discharges at a port other than the actual destination of the goods.
5. When ocean freight space is difficult to obtain, or forward freight contracts cannot be made at firm rates, it is advisable that sales contracts, as an exception to regular "C. & F." or "C.I.F." terms, should provide that shipment

within the contract period be subject to ocean freight space being available to the seller, and should also provide that changes in the cost of ocean transportation between the time of sale and the time of shipment be for account of the buyer.

6. Normally, the seller is obligated to prepay the ocean freight. In some instances, shipments are made freight collect and the amount of the freight is deducted from the invoice rendered by the seller. It is necessary to be in agreement on this, in advance, in order to avoid misunderstanding arising from foreign exchange fluctuations, which might affect the actual cost of transportation, and from interest charges, which might accrue under letter of credit financing. Hence, the seller should always prepay the ocean freight unless he has a specific agreement with the buyer, in advance, that goods can be shipped freight collect.

7. The buyer should recognize that he does not have the right to insist on inspection of goods prior to accepting the documents. The buyer should not refuse to take delivery of goods on account of delay in the receipt of documents, provided the seller has used due diligence in their dispatch through the regular channels.

8. Sellers and buyers are advised against including in a "C.I.F." contract any indefinite clause at variance with the obligations of a "C.I.F." contract as specified in these Definitions. There have been numerous court decisions in the United States and other countries invalidating "C.I.F." contracts because of the inclusion of indefinite clauses.

9. Interest charges should be included in cost computations and should not be charged as a separate item in "C.I.F." contracts, unless otherwise agreed upon, in advance, between the seller and buyer; in which case, however, the term "C.I.F. and I." (Cost, Insurance, Freight and Interest) should be used.

10. In connection with insurance under "C.I.F." sales, it is necessary that seller and buyer be definitely in accord upon the following points:

(a) The character of the marine insurance should be agreed upon in so far as being W.A. (With Average) or F.P.A. (Free of Particular Average), as well as any other special risks that are covered in specific trades, or against which the buyer may wish individual protection. Among the special risks that should be considered and agreed upon between seller and buyer are theft, pilferage, leakage, breakage, sweat, contact with other cargoes, and others peculiar to any particular trade. It is important that contingent or collect freight and customs duty should be insured to cover "Particular Average" losses, as well as total loss after arrival and entry but before delivery.

(b) The seller is obligated to exercise ordinary care and diligence in selecting an underwriter that is in good financial standing. However, the risk of obtaining settlement of insurance claims rests with the buyer.

(c) War risk insurance under this term is to be obtained by the seller at the expense and risk of the buyer. It is important that the seller be in definite accord with the buyer on this point, particularly as to the cost. It is desirable that the goods be insured against both marine and war risk with the same underwriter, so that there can be no difficulty arising from the determination of the cause of the loss.

(d) Seller should make certain that in his marine or war risk insurance, there be included the standard protection against strikes, riots and civil commotions.

(e) Seller and buyer should be in accord as to the insured valuation, bearing in mind that merchandise contributes in "General Average" on certain bases of valuation which differ in various trades. It is desirable that a competent insurance broker be consulted, in order that full value be covered and trouble avoided.

## **Ex Dock**

(Seller and buyer should consider not only the definitions but also the "Ex Dock" comments at the end of this section, in order to understand fully their respective responsibilities and rights under "Ex Dock" terms.)

### **Ex Dock—(named port of importation)**

Under this term, seller quotes a price including the cost of the goods and all additional costs necessary to place the goods on the dock at the named port of importation, duty paid, if any.

Under this quotation, the seller is required: (a) to provide and pay for transportation to named port of importation; (b) to pay export taxes, or other fees or charges, if any, levied because of exportation; (c) to provide and pay for marine insurance; (d) to provide and pay for war risk insurance, unless otherwise agreed upon between the buyer and seller; (e) to be responsible for any loss or damage, or both, until the expiration of the free time allowed on the dock at the named port of importation; (f) to pay the costs of certificates of origin, consular invoices, legalization of bill of lading, or any other documents issued in the country of origin, or of shipment, or of both, which the buyer may require for the importation of goods into the country of destination and, where necessary, for their passage in transit through another country; (g) to pay all costs of lading, including wharfage, landing charges, and taxes, if any; (h) to pay all costs of customs entry in the country of importation; (i) to pay customs duties and all taxes applicable to imports, if any, in the country of importation, unless otherwise agreed upon.

Under this quotation, the buyer is required: (a) to take delivery of the goods on the dock at the named port of importation within the free time allowed; (b) to bear the cost and risk of the goods if delivery is not taken within the free time allowed.

### **"EX DOCK" COMMENTS**

This term is used principally in United States import trade. It has various modifications, such as "Ex Quay", "Ex Pier", etc., but it is seldom, if ever, used in American export practice. Its use in quotations for export is not recommended.



## APPENDIX D

### Selected List of Abbreviations Used in Foreign Trade

A/C.....	Account current; appeal cases.
Ad val.....	Ad valorem.
A/o.....	Account of.
A/S.....	After sight; Account sales; Alongside (chartering).
bbi.....	barrel.
B/E.....	Bill of exchange.
B/L.....	Bill of lading.
B/P.....	Bills payable.
B/r.....	Bills receivable; builders' risk.
B.T.U.....	Board of Trade unit.
C. and F.....	Cost and freight.
C.I.F.....	Cost, insurance and freight.
C.i.f. & c.....	Cost, insurance, freight, and commission.
C.i.f. & e.....	Cost, insurance, freight and exchange.
C.i.f. & i.....	Cost, insurance, freight and interest.
C.i.f.c. & i.....	Cost, insurance, freight, commission, and interest.
C.R.....	Carrier's risk; company's risk; cold rolled (steel sheets).
c/s.....	Case; cases.
C.W.O.....	Cash with order.
Cwt.....	Hundredweight.
D/a.....	Days after acceptance.
D/D.....	Demand draft.
D/d.....	Days after date.
Del Credere.....	An engagement made by an agent, in consideration of an additional premium being granted him, whereby he guarantees the payment of all goods which he may sell on commission for another, whether he himself receives payment or not.
D.O.A.....	Documents on acceptance.
D.O.P.....	Documents on payment.
D/P.....	Documents against payment.
Dr.....	Debit; debtor; drawer.
D/S.....	Days sight.
f.a.....	free alongside.
F.a.a.....	Free of all average.
F.a.q.....	Fair average quality.
F.A.S.....	Free alongside; free alongside ship.
F.B.M.....	Feet board measure (lumber).
F/d.....	Free docks.
F. & D.....	Freight and demurrage.
F.g.a.....	Foreign general average (marine insurance).
F.O.B.....	Free on board.
F.O.R.....	Free on rail.
F.O.S.....	Free on steamer.
Frt.....	Freight.
G/a.....	General average (marine insurance).
gr.....	Grain; gross.
G.T.....	Gross ton.
I.L.C.....	Irrevocable Letter of Credit.
Ins.....	Insurance.

Int.....	Interest.
L/A.....	Landing account; Letter of authority; Lloyd's agent.
L/C.....	Letter of Credit.
M.O.....	Money Order.
N/F.....	No funds.
N/m.....	No mark.
N/O.....	Name of; no orders.
N.o.p.....	Not otherwise provided.
O.R.....	Owner's risk.
O.R.B.....	Owner's risk of breakage.
P/A.....	Payment authority; power of attorney.
P.A.....	Particular average.
Pkge.....	Package.
R/A.....	Refer to acceptor.
R/D.....	Refer to drawer.
Reg'd.....	Registered.
R/p.....	Return of post for orders.
S.B.....	Short bill.
S.D.....	Sea-damaged.
S.O.....	Seller's option; ship's option.
S.P.A.....	Subject to particular average.
T/L.....	Total loss.
T.L.O.....	Total loss only.
T.M.O.....	Telegraph money order.
T/Q.....	Tale quale (grain trade).
T/R.....	Tons registered.
T/T.....	Telegraphic transfer.
W/A.....	With average.
W/M.....	Weight and/or measurement.
W.P.A.....	With particular average.

## APPENDIX E

### Principal Canadian Exports, by Commodities

Rank	Commodities	Fiscal Year		Calendar Year
		1926	1936	1946
(Thousands of Dollars)				
1	Newsprint paper.....	102,239	90,761	265,792
2	Wheat.....	364,364	148,577	250,306
3	Flour of wheat.....	69,688	19,383	126,733
4	Planks and boards.....	66,824	27,605	125,391
5	Wood.....	49,910	28,104	114,021
6	Fish and fishery products.....	36,793	25,128	86,486
7	Automobiles, trucks and parts.....	42,839	27,110	78,304
8	Bacon, hams.....	28,590	19,407	66,389
9	Aluminum.....	6,677	10,078	56,030
10	Nickel.....	12,829	41,644	55,205
11	Railway locomotives and cars.....	128	49	53,369
12	Fertilizers.....	5,399	4,283	32,108
13	Furs, undressed.....	17,198	15,738	30,928
14	Whisky.....	15,712	16,289	29,650
15	Pulpwood.....	13,056	6,943	28,731
16	Farm implements and machinery.....	13,628	6,344	28,662
17	Zinc.....	5,833	8,418	27,769
18	Copper bars, billets, etc.....	45	20,551	27,463
19	Eggs.....	995	305	26,772
20	Asbestos.....	9,977	7,171	24,473
21	Cheese.....	33,719	6,790	21,948
22	Precious metals, except gold.....	12,836	18,577	21,469
23	Electrical apparatus.....	1,405	2,941	20,939
24	Wool.....	2,856	2,055	18,945
25	Ships and vessels.....	257	117	18,822
26	Lead.....	13,929	8,287	16,846
27	Machinery, except farm.....	5,670	5,804	15,535
28	Fruits, chiefly apples.....	8,386	11,259	15,124
29	Vegetables.....	23,182	4,860	13,754
30	Abrasives, artificial, crude.....	2,950	4,121	11,727
31	Shingles.....	9,541	7,693	11,211
32	Cattle (except for stock).....	17,813	6,636	10,998
33	Cotton and products.....	1,291	1,736	10,551
34	Vehicles, n.o.p., chiefly aircraft.....	66	139	9,885
35	Ferro-alloys.....	1,547	938	9,485
36	Leather, manufactured.....	774	824	9,282
37	Leather, unmanufactured.....	7,260	4,313	7,656
38	Electrical energy.....	.....	3,161	7,070
39	Coal.....	4,084	1,970	5,946
40	Tobacco, unmanufactured.....	1,046	2,665	5,892
Total Listed Commodities.....		1,011,336	618,774	1,797,667
Total Exports.....		1,315,356	849,030	2,312,215



**APPENDIX F**  
**Canadian Exports, by Geographic Areas**

Country	1938	1945	1946
<b>BRITISH COUNTRIES</b>			
United Kingdom and Europe.....	344.5	982.8	610.5
America.....	22.5	92.8	99.5
Africa.....	18.0	39.1	77.0
Asia.....	8.1	320.5	63.1
Oceania.....	49.8	51.6	54.6
Total British Countries.....	442.9	1,486.8	904.7
<b>FOREIGN COUNTRIES</b>			
United States and Possessions.....	272.3	1,203.5	894.0
Latin America.....	17.4	57.8	92.6
Europe.....	73.2	386.3	321.5
Other Foreign.....	31.8	83.9	99.4
Total Foreign Countries.....	394.7	1,731.5	1,407.5
<b>TOTAL DOMESTIC EXPORTS</b> .....	<b>837.6</b>	<b>3,218.3</b>	<b>2,312.2</b>
<b>Canadian Exports, by Countries</b>			
Country	1938	1945	1946
<b>BRITISH COUNTRIES</b>			
Europe:			
United Kingdom.....	339,689	963,238	597,506
Eire.....	4,440	14,278	7,956
Gibraltar.....	7	586	334
Malta.....	403	4,740	4,671
Total Europe.....	344,539	982,842	610,467
America:			
Newfoundland.....	8,403	40,515	38,229
Bermuda.....	1,414	2,511	3,805
Barbados.....	1,078	4,750	6,205
Jamaica.....	4,442	14,404	15,500
Trinidad and Tobago.....	3,714	16,433	19,140
Bahamas.....	(a)	(a)	(a)
Leeward and Windward Islands.....	1,778	6,865	8,341
British Honduras.....	280	884	1,100
British Guiana.....	1,398	6,418	7,010
Falkland Islands.....	1	8	2
Total America.....	22,508	92,788	99,441
Africa:			
Northern Rhodesia.....	(b)	(b)	(b)
Union of South Africa.....	15,506	31,593	68,633
Other British South Africa.....	(b)	(b)	(b)
Southern Rhodesia.....	1,074	2,008	3,284
Gambia.....	20	33	63
Gold Coast.....	184	890	871
Nigeria.....	81	318	1,021
Sierra Leone.....	192	376	410
Other British West Africa.....	210	94	510
British Sudan.....	676	3,787	2,220
British East Africa.....			
Total Africa.....	17,983	39,099	77,012

(a) Included with Leeward and Windward Islands prior to 1947.

(b) Included with Union of South Africa prior to 1947.

Canadian Exports, by Countries—Continued

Country	1938	1945	1946
(Thousands of Dollars)			
<b>BRITISH COUNTRIES</b>			
<b>Asia:</b>			
India.....	2,863	307,461	49,046
Burma.....	123	478	442
Ceylon.....	192	8,290	2,140
Aden.....	89	156	256
British Malaya.....	2,453	1,114	3,224
Other British East Indies.....	(c)	.....	51
Hong Kong.....	2,223	99	4,362
Palestine.....	164	2,866	3,562
Total Asia.....	8,107	320,464	63,083
<b>Oceania:</b>			
Australia.....	32,982	32,226	38,194
New Zealand.....	16,371	19,102	16,110
Fiji.....	367	261	375
Other Oceania.....	45	64	20
Total Oceania.....	49,765	51,653	54,622
<b>TOTAL BRITISH COUNTRIES</b> .....	442,902	1,486,846	904,702
FOREIGN COUNTRIES			
<b>United States and Possessions:</b>			
United States.....	270,461	1,196,977	887,941
Alaska.....	120	223	276
American Virgin Islands.....	34	18	110
Guam.....	3	5	5
Hawaii.....	1,364	3,934	2,758
Puerto Rico.....	329	2,301	2,926
Total United States and Possessions .....	272,311	1,203,458	894,016
<b>Latin America:</b>			
Argentina.....	4,675	6,003	14,039
Bolivia.....	118	319	529
Brazil.....	3,522	16,748	24,602
Chile.....	604	2,562	3,565
Colombia.....	1,270	5,011	8,930
Costa Rica.....	99	521	873
Cuba.....	1,186	4,535	5,270
Dominican Republic.....	296	732	1,541
Ecuador.....	52	360	801
Guatemala.....	120	424	928
Haiti.....	120	612	1,121
Honduras.....	170	188	624
Mexico.....	2,340	8,165	10,536
Nicaragua.....	75	317	366
Panama.....	304	1,006	1,502
Paraguay.....	11	44	85
Peru.....	892	3,957	3,080
Salvador.....	47	386	454
Uruguay.....	216	1,857	2,671
Venezuela.....	1,256	4,053	11,086
Total Latin America.....	17,373	57,800	92,603

(c) Included with British Malaya prior to 1945.

Canadian Exports, by Countries—Continued

Country	1938	1945	1946
<b>FOREIGN COUNTRIES—Continued</b>		<b>(Thousands of Dollars)</b>	
<b>Europe:</b>			
Albania.....	8	497	122
Austria.....	8	.....	3,679
Belgium.....	9,555	34,618	63,626
Bulgaria.....	9	.....	9
Czechoslovakia.....	3,164	6,717	9,871
Denmark.....	1,528	109	1,527
Estonia.....	2	.....	.....
Finland.....	482	.....	507
France.....	9,152	76,917	74,380
Germany.....	18,261	2,725	6,867
Greece.....	1,565	25,563	9,738
Hungary.....	4	.....	1,063
Iceland.....	18	3,681	3,123
Italy.....	1,745	89,470	20,387
Latvia.....	276	.....	.....
Lithuania.....	913	.....	.....
Netherlands.....	10,267	39,970	33,883
Norway.....	7,854	7,842	19,267
Poland.....	1,035	9,249	22,501
Portugal.....	135	2,356	2,662
Azores and Madeira.....	4	21	71
Roumania.....	42	.....	1
Soviet Union.....	937	58,820	17,705
Spain.....	101	992	695
Sweden.....	5,412	4,169	9,133
Switzerland.....	736	10,922	8,636
Yugoslavia.....	13	11,711	12,030
Total Europe.....	73,226	386,349	321,483
<b>Other Foreign Countries:</b>			
Abyssinia.....	.....	7	30
Afghanistan.....	.....	6	1
Belgian Congo.....	106	945	1,201
China.....	2,885	6,573	42,915
Greenland.....	.....	888	234
Egypt.....	396	36,417	15,086
French Africa.....	804	16,908	8,945
French East Indies.....	28	.....	269
French Guiana.....	6	50	180
French Oceania.....	80	143	121
French West Indies.....	172	351	1,278
Madagascar.....	9	54	263
St. Pierre and Miquelon.....	270	737	784
Iraq.....	40	3,494	3,231
Tripoli.....	.....	19	.....
Other Italian Africa.....	.....	6	3
Japan.....	20,770	.....	1,027
Korea.....	.....	.....	126
Liberia.....	20	84	67
Morocco.....	97	9,192	1,169
Netherlands East Indies.....	902	856	6,833
Netherlands Guiana.....	39	174	476
Netherlands West Indies.....	204	799	1,399
Iran.....	80	1,816	431
Philippine Islands.....	1,465	2,153	8,901
Portuguese Africa.....	1,395	812	2,128
Portuguese Asia.....	1	4	76
Siam.....	20	.....	58
Canary Islands.....	3	49	333
Syria.....	.....	630	228
Turkey.....	1,916	710	1,618
Total Other Foreign Countries.....	31,772	83,877	99,411
<b>TOTAL FOREIGN COUNTRIES.....</b>	<b>394,682</b>	<b>1,731,484</b>	<b>1,407,513</b>
<b>TOTAL DOMESTIC EXPORTS.....</b>	<b>837,584</b>	<b>3,218,330</b>	<b>2,312,215</b>



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